

2022-23 Annual Report

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Introduction

Agricorp was created in 1997 to deliver Production Insurance. When it was created, there were fewer than 100 employees delivering 1 program. Over 25 years later, there are over 330 employees delivering 12 programs. Agricorp is now the delivery agent of choice for government and industry.

Agricorp is an agency of the Government of Ontario that delivers risk management and business support programs to Ontario's agricultural industry on behalf of the provincial and federal governments. Agricorp was created under the *AgriCorp Act* and is a board-governed agency. As an agency, we have the flexibility, independent decision-making, and robust governance framework to meet the evolving needs of customers, industry, and government.

From the field to the boardroom, Agricorp staff and Board of Directors combine a wealth of agricultural expertise with a broad range of knowledge in customer service, insurance underwriting, claims processing, finance, technology, risk management, communications, human resources, law, and public administration. Many employees have farming backgrounds themselves, bringing a unique perspective and a strong customer focus to our day-to-day operations.

Delivering programs to strengthen farm businesses

The agriculture and agri-food industry is a major economic driver in Ontario. It generates \$47.6 billion¹ in gross domestic product and provides 752,000 jobs, more than 10% of all jobs in the province.² Ontario's agricultural industry continues to adapt and grow. Average farm yields increased by 10 to 20 per cent over the past 10 years. Farmers continue to become more efficient and reach more markets while continuing to manage their individual risks.

Governments around the world offer agricultural risk management programs to protect global commodities, food supply, and the agri-business economic engine. Agricorp is proud to deliver these programs to Ontario farmers. Risk management programs help farmers manage risks beyond their control so they can confidently innovate and invest in their businesses.

The Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) and Agriculture and Agri-Food Canada (AAFC) are responsible for program policy, and Agricorp is responsible for program delivery and customer service.

Agricorp delivers government programs that help protect the livelihood of over 47,000 Ontario farmers against the many risks farm businesses face every day. Our employees are skilled professionals who respond when industry and government need us, manage public funds with great care and integrity, and deliver a quality customer experience.

Agricorp helps grow Ontario agriculture. We underwrite \$7 billion in risk each year. The agency was established in 1997, and in our first 25 years, we made \$7.5 billion in payments to farmers when they needed it most.

¹ Ontario Ministry of Agriculture, Food and Rural Affairs Ontario Data Catalogue – [Gross domestic product for agri-food sector, 2007-2021](#), May 2, 2022

² Ontario Ministry of Agriculture, Food and Rural Affairs Ontario Data Catalogue – [Ontario employment in agri-food industry, 2000-2021](#), April 6, 2022

Vision

Excellence in delivery to help grow Ontario agriculture.

Agricorp's vision is focused on the delivery of programs and services for Ontario's agricultural industry. This vision supports the Ontario government in building a strong and healthy provincial economy. It also aligns with OMAFRA's efforts in supporting a thriving agri-food industry in Ontario.

Mission

We provide financial and risk management programs for the farmers of Ontario and empower employees to deliver a trusted customer experience.

Core qualities

Our core qualities are the guiding principles and fundamental beliefs that help us function together as a team and work toward a common business goal. Core qualities define how we expect everyone at Agricorp to perform as they work toward our vision.

Proactivity – We are always looking for opportunities to improve. We act in advance to deal with expected difficulties.

Collaboration – We work together to foster a shared vision. We support and encourage each other.

Quality Focus – We take pride in our work. We do the right things the right way, to the highest possible standard.

Efficiency – We work effectively with a minimum of waste, expense, or unnecessary effort. We look for ways to do our jobs as easily and as quickly as possible, without compromising quality.

Professionalism – We meet our commitments and do our jobs with integrity. We strive to earn the trust of others through our actions, the quality of our work, and our attitude.

Our mandate

Agricorp's mandate, as outlined in the *AgriCorp Act*, is to:

- Administer crop insurance plans under the *Agricultural Products Insurance Act* and perform duties conferred on it by that Act;
- Perform other duties conferred on it by any other Ontario statute, by order of the Lieutenant Governor in Council, or by agreement.

In September 2021, Ontario's Minister of Agriculture, Food and Rural Affairs sent a letter of direction to Agricorp's Board Chair setting out the Ontario government's and the Minister's expectations of Agricorp. Agricorp's 2022-25 business plan addresses the expectations for 2022-23 and are reported on below.

Priorities from Ontario's Minister of Agriculture, Food and Rural Affairs

Minister's expectations	Agricorp's results
Continue to prioritize providing a high level of front-line services in line with national comparators, as applicable in the programs the agency delivers, and ensure this is done in a timely manner.	We continue to provide a high level of customer service, achieving a 92% satisfaction score from Ontario farmers in our customer satisfaction survey in January 2023. For details, see Easy to do business with.
Continue to look for ways to reduce burden on the agricultural sector by streamlining application processes and tightening delivery timelines.	We continue to make it easier for customers to do business with us by providing a range of service channel options, including online, paper, phone, email, and face to face. For details, see Easy to do business with.
Support the ministry's efforts as requested in program policy and design, including any changes resulting from federal-provincial-territorial decisions affecting business risk management programs.	We supported the ministry's efforts as requested in program policy and design for business risk management programs by working with the ministry, AAFC, and the Ontario Beekeepers Association on the review of Production Insurance coverage for bees and honey. We are also implementing changes to AgriStability based on the Sustainable Canadian Agricultural Partnership agreement. For details, see Ready to deliver.
Work closely with industry to ensure Production Insurance plans continue to meet their needs, and with the ministry to ensure any Production Insurance plan enhancements are properly prioritized and aligned with government objectives.	We worked closely with industry and the ministry to ensure Production Insurance enhancements, such as new coverage for pedigreed seed and continued coverage for production losses caused by on-farm labour disruptions due to COVID-19, were aligned with government objectives and met industry needs. For details, see Ready to deliver.
In concert with the ministry, work to ensure that changes to the Risk Management Program are implemented and delivered to producers effectively.	We worked in concert with the ministry on changes for the Risk Management Program, which included implementation of the RMP Fund. The changes were effectively delivered to producers. For details, see Efficient and effective operations.

Minister's expectations	Agricorp's results
Support the implementation of the Financial Protection Programs review recommendations and finalize the transition of the Ontario Beef Cattle Financial Protection Program from the ministry to Agricorp.	The Beef Cattle Financial Protection Program was fully transitioned from the ministry to Agricorp in 2022-23. For details, see Efficient and effective operations. In 2022-23, OMAFRA did not request Agricorp's support to implement Financial Protection Programs review recommendations.
Implement the findings of the efficiency review of the delivery of the Farm Property Class Tax Rate Program.	An efficiency review of the delivery of the Farm Property Class Tax Rate Program was completed in 2022-23. Agricorp is following up on the recommendations from the review and working with OMAFRA to determine options for additional cost savings. For details, see Efficient and effective operations .
Strive to bring about digital efficiencies and options to customers, while recognizing that some may still require alternative traditional interactions.	We continue to investigate, assess, develop, and implement digital services for the programs and services we deliver to the farmers of Ontario while also providing alternative traditional interactions. These include online mobile-friendly and paper forms and print and digital advertising. For details, see Easy to do business with .

Government-wide priorities

Government's expectations	Agricorp's results
Competitiveness, sustainability, and expenditure management	
Operating within your agency's financial allocations.	We operated within our overall funding allocation in 2022-23 and within all program-specific funding allocations, except for the Farm Property Class Tax Rate Program. A program delivery efficiency review of the Farm Property Class Tax Rate Program was completed in 2022. Agricorp is following up on the recommendations from the review and working with OMAFRA to determine options for additional cost savings.
Identifying and pursuing opportunities for revenue generation as directed, innovative practices, and/or improved program sustainability.	In 2022-23, Agricorp was not directed to pursue revenue generation. We continue to identify and assess opportunities to implement innovative practices to improve the sustainability of programs.

Government's expectations	Agricorp's results
Identifying and pursuing efficiencies and savings.	We continue to examine operational expenses and implement cost savings where applicable, including the reduction of office space. In 2022-23, Agricorp reduced pension costs while maintaining this important component of Agricorp's benefits for employees.
Complying with applicable direction related to supply chain centralization, and Realty Interim Measures for agency office space.	Agricorp has and will continue to comply with applicable direction related to supply chain centralization and Realty Interim Measures for agency office space.
Leveraging and meeting benchmarked outcomes for compensation strategies and directives.	Agricorp implemented its requirements under Bill 124, <i>Protecting a Sustainable Public Sector for Future Generations Act</i> , for the 3-year period of June 2019 to June 2022, with annual salary and salary structure increases of 0%, 1%, and 1% respectively.
Working with the ministry, where appropriate, to advance the <i>Ontario Onwards Action Plan</i> .	Where appropriate, Agricorp has worked with the ministry to advance the <i>Ontario Onwards Action Plan</i> . For example, Agricorp has worked with the provincial government to reduce costs by taking advantage of preferred pricing as part of centralized procurement.
Transparency and accountability	
Abiding by applicable government directives and policies and ensuring transparency and accountability in reporting.	We have and will continue to abide by government directives and policies while ensuring transparency and accountability in reporting, as evident in our attestation submission of March 2023.
Adhering to requirements of the Agencies and Appointment Directive, accounting standards and practices, and the <i>Public Service of Ontario Act</i> ethical framework and responding to audit findings, where applicable.	We continue to adhere to requirements in the Agencies and Appointment Directive, accounting standards and practices, and the <i>Public Service of Ontario Act</i> ethical framework. Agricorp responds to audit findings. For example, we have responded to all of the Agricorp-specific recommendations from the 2017 value for money audit of Farm Support Programs.
Identifying appropriate skills, knowledge and experience needed to effectively support the Board's role in agency governance and accountability.	The Agricorp Board has maintained and followed its Skills Matrix for many years, which supports all appointment recommendations to the Minister.

Government's expectations	Agricorp's results
Setting out performance measurement expectations publicly and clearly and subsequently reporting back on them.	Agricorp's 2022-25 business plan sets out clear performance measures, which are reported on in the 2022-23 annual report.
Incorporating in the Board's review of senior management's performance the achievement of the agency's performance measures.	The Agricorp Board reviews senior management performance and the achievements of the agency at all Board meetings.
Risk management	
Developing and implementing an effective process for the identification, assessment, and mitigation of risks, including planning for and responding to health and other emergency situations, including but not limited to COVID-19.	We have developed and implemented effective processes for risk identification, assessment and mitigation. This includes both the current and future risks that Agricorp faces. In response to COVID-19, we implemented our business continuity plan and established a remote work environment.
Developing a continuity of operations plan that identifies time critical/essential services and personnel.	Agricorp has a business continuity plan that identifies time-critical, essential services and personnel, and how to keep operations running in the event of an emergency. Agricorp collaborates and shares this information with OMAFRA.
Workforce management	
Optimizing your organizational capacity to support the best possible public service delivery.	Agricorp has optimized and continues to optimize organizational capacity to support the best possible service delivery. For example, similar programs are delivered on the same program administration system.
Modernizing and redeploying resources to priority areas when or where they are needed to ensure timely service delivery.	Agricorp adjusts resources to priority areas when or where they are needed to ensure timely service delivery. For example, during times of high call volumes, claims adjudicators support call centre staff to help reduce call wait times.
Data collection	
Improving how the agency uses data in decision-making, information sharing and reporting, including by leveraging available or new data solutions to inform outcome-based reporting and improve service delivery.	Agricorp has collaborated and will continue to collaborate with the ministry and industry to share and use data to enable evidenced-based decision-making, to inform outcome-based reporting, and to improve service delivery.

Government's expectations	Agricorp's results
Supporting transparency and privacy requirements of data work and data sharing with the ministry as appropriate.	As appropriate, we support transparency and privacy requirements of data work and data sharing with the ministry. We continue to share program, administrative, and financial data with the ministry, enabling transparent and effective program and service delivery to Ontario's farmers.
Digital delivery and customer service	
Implementing digitization or digital modernization strategies online service delivery and continuing to meet and exceed customer service standards through transition, as well as speed up service delivery.	We investigate, assess, develop, and implement digital services for the programs and services we deliver to the farmers of Ontario while providing alternative traditional interactions as directed by the Minister and as requested by customers. We meet and exceed customer service standards as evidenced in the results of our 2023 customer satisfaction survey.
Adopting digital approaches, such as user research, agile development, and product management.	We have adopted agile development where it makes sense, and we regularly engage with industry stakeholders to discuss program and service enhancements.
Diversity and inclusion	
Developing and encouraging diversity and inclusion initiatives promoting an equitable, inclusive, accessible, anti-racist, and diverse workplace.	In 2022, Agricorp completed a review of its approach to accommodation and documented a transparent Accommodation Policy to reflect a process of working with employees that seeks to remove barriers to enable an inclusive and accessible workplace. Agricorp has reviewed its people-related policies to encourage and support equitable, inclusive, and diverse practices.
Demonstrating leadership of an inclusive environment free of harassment.	Agricorp annually trains employees on its policies related to the prevention of harassment and bullying in the workplace and workplace violence. In partnership with the Canadian Mental Health Association, Agricorp developed training to support employees interacting with customers experiencing high stress and difficult situations.
Adopting an inclusion engagement process to ensure all voices are heard to inform policies and decision-making.	Agricorp continues to seek feedback from employees through an employee engagement survey to identify concerns or potential concerns regarding diversity, equity, inclusion, and belonging, and develops action plans to address those concerns.

Government's expectations	Agricorp's results
COVID-19 recovery	
Identifying and pursuing service delivery methods (digital or other) that have evolved since the start of COVID-19.	Agricorp has investigated and will continue to investigate and implement digital services for programs and services delivered to Ontario farmers. For example, Agricorp recently made it easier for farmers to report their acres by implementing a mobile-friendly online tool that is compatible with rural internet speeds.
Supporting the recovery efforts from COVID-19.	Agricorp supported recovery efforts from COVID-19. For example, new coverage was added to the Production Insurance program for production losses caused by on-farm labour disruptions due to COVID-19. Agricorp also delivered several programs to support the agricultural industry, including the Winery Agri-Tourism COVID-19 Relief Initiative.

Chair's message

Farmers are at the centre of everything Agricorp does

As Chair of the Board of Agricorp, I understand the value of the programs Agricorp delivers—their value to individuals, and to Ontario Agriculture as a whole. I also see the work that goes into delivering these programs in a way that best meets farmers' needs.

After a few years of more change than any of us were prepared for, we have started to see some things settle. One well-received revival was Agricorp's return to in-person events after a 3-year pause. More than 1,000 farmers visited Agricorp's booth at the Canadian Outdoor Farm Show, the London and Ottawa Valley Farm Shows, the March Classic, and the Ontario Fruit and Vegetable Convention.

Reviving in-person events has been a significant part of bringing our past and our present together. We have taken what we learned along the way to create better ways of doing business. As an agency of the government, acting in the best interests of Ontarians, we always seek opportunities to be more efficient and effective through improved processes and better technology. At the same time, we continuously work to make it easy for farmers to do business with us.

One thing that has never changed is Agricorp's commitment to putting farmers at the centre of everything we do. We continue to prioritize providing a high level of front-line services. Even when we develop new options for doing business, we continue to offer the existing options that farmers have become used to. We work to streamline processes and bring efficiencies, while at the same time reducing any burden on farmers.

Because farmers are so important to us, so is customer satisfaction. In our biennial customer satisfaction survey conducted in January, the results show our customers remain highly satisfied with Agricorp's performance. Our customers are telling us we're meeting most of their needs and they feel we are meeting them exceptionally well. 92% of customers surveyed reported they were satisfied with Agricorp's overall performance, which is similar to previous years. This reflects our commitment to an excellent customer experience and our goal of making Agricorp easy to do business with.

It's important to us that farmers get the support they need, when they need it. That's why we work closely with industry and government to understand how programs can better meet farmers' needs. For example, after grape growers experienced severe yield loss due to excess rainfall and extreme temperature fluctuations, Agricorp worked closely with the Grape Growers of Ontario and the Ontario Ministry of Agriculture, Food and Rural Affairs to find a way to help these producers by stabilizing their coverage.

Though farmers are at the heart of our work, we also persist in providing value for money to Ontario taxpayers. In 2022, the Office of the Auditor General of Ontario signed off on our response to their last remaining recommendation from the 2017 value for money audit, bringing the audit to a close. Agricorp was recognized as 1 of only 28 organizations that has implemented 75% or more of the recommendations from 2015 to 2019 audits.

I would like to thank Minister Thompson for supporting the agricultural sector and working with the board on important issues that affect the industry. I'd also like to thank the Board members and the senior management team for their effort and commitment to excellence in delivery for Ontario farmers. I'd especially like to thank Agricorp employees, who show a high level of dedication to the organization and the farmers they serve.

Jason Verkaik
Chair

Governance

Agricorp is governed by legislation and directives that guide Ontario agencies in the delivery of services to the public. The *AgriCorp Act* outlines our objects, duties, powers, and structure. As an agency of the provincial government, we deliver programs and services to the agricultural industry on behalf of OMAFRA. We are accountable to the Ontario Minister of Agriculture, Food and Rural Affairs to deliver programs while maintaining high standards for fiscal responsibility, transparency, accountability, risk management, and customer service.

We regularly review and refine our governance practices, adapting and strengthening policies and procedures as required to ensure they remain effective. Robust governance and oversight ensure objectives are realized, resources are well managed, and the interests of stakeholders are protected and reflected in key decisions.

Why an agency?

Ontario agencies are diverse and are established for a number of reasons. Operating within a complex environment with many stakeholders, agencies exist where there is a substantial public interest or when there is a need for the provincial government to play a role in the delivery of a service or function.

There is significant public interest in the shared federal-provincial sphere of fostering a robust and sustainable agricultural industry. Agricorp was created to deliver programs and services to the agricultural industry. As an agency, it has organizational and resource flexibility to adapt to the needs of industry and government. Under the governance of an experienced and knowledgeable Board of Directors, agency employees focus on efficient and effective program delivery while being accountable to the Ontario Minister of Agriculture, Food and Rural Affairs. Agricorp supports the government by providing advice on agricultural policy and programs and ensures public confidence through impartial and autonomous decisions within the programs it delivers.

Reporting structure

Agricorp's Board of Directors and staff work collaboratively with OMAFRA. Our CEO reports to the Board of Directors and the Board Chair reports to the Minister. The Board and its committees play a central role in translating government direction and expectations into strategy. They provide direction, oversight, and advice to the CEO. OMAFRA staff monitor Agricorp's governance and advise the Minister, as outlined in the Agencies and Appointments Directive and other applicable directives.

Memorandum of understanding

A memorandum of understanding (MOU) defines the relationship between the Minister and Agricorp's Board Chair and clarifies expectations and reporting requirements. The MOU establishes the accountability relationships between the Minister and the Chair on behalf of Agricorp. The MOU also outlines the roles and responsibilities of the Board of Directors, Chair, CEO, Minister, and Deputy Minister. This effective and collaborative governance framework ensures the timely exchange of information to support better decision-making, clearly documented accountabilities, and streamlined delivery agreements.

Ethical standards

Agricorp is committed to maintaining the highest ethical standards. We follow best practices essential to operating ethically and responsibly. Daily activities by all staff are guided by the high standards of conduct defined in legislation, directives, our mission statement, and corporate policies and procedures.

Code of Ethics, Oath of Office, and Oath of Allegiance

Agricorp has a comprehensive *Code of Ethics and Professional Conduct* that outlines the standards of ethical behaviour that Agricorp expects of its employees and Board members. All employees receive training and, along with Board members, sign an acknowledgement agreeing to abide by this code. The *Oath of Office* and *Oath of Allegiance* for new employees reinforce the serious obligations and responsibilities they have as employees of a government agency.

Government directives

Agricorp must comply with provincial government directives that guide agencies in the delivery of services to the public. The Agencies and Appointments Directive (AAD) sets out the accountability framework within which Agricorp operates. Each year, Agricorp's Board Chair and CEO attest to meeting AAD requirements and the requirements of other directives, legislation, and policies. Directives fall under 3 broad categories:

- **Business planning and financial management:** Includes directives on delegation of authority, financial transactions, and travel, meal, and hospitality expenditures.
- **Accountability and governance:** Includes directives on procurement, internal audit, and transparency.
- **Information and information technology management:** Includes directives on records management, privacy, and freedom of information.

In 2022-23, Agricorp met the obligations and timelines under the AAD and completed attestation, with no exceptions. We published our MOU and quarterly expenses for the Board and Senior Management Team on our website, demonstrating our commitment to transparency and accountability.

Board responsibilities

The Board of Directors follows best practices in corporate governance, including continuous development and training, succession planning, self-assessment, regular in-camera sessions, and strategic planning. The Agricorp by-laws provide guidelines for Board governance and documents the roles and responsibilities of the Chair, Board members, and committees. These roles and responsibilities include fiduciary and operational oversight, strategic planning, risk management and controls, legal and ethical conduct, ongoing education and evaluation, and liaison with OMAFRA.

Board committees

Two Board committees provide oversight and advice to the Board.

The Finance and Audit Committee:

- Develops the annual internal audit plan, and reviews audit reports and how management responds to audit recommendations
- Monitors how management evaluates, plans, and responds to business and emerging risks
- Oversees Agricorp's investment policies for the Production Insurance Fund and the Risk Management Program Fund
- Oversees the financial reporting process and internal controls
- Reviews and recommends Board approval of Agricorp's audited financial statements
- Oversees Agricorp's investment management activities, which includes periodic reviews of investment policy and ensuring all regulatory requirements are met
- Reviews the annual financial statement audit plan as presented by the Auditor General of Ontario and meets annually with staff from the Office of the Auditor General of Ontario

The Governance and Human Resources Committee:

- Reviews and recommends any changes to Agricorp's mandate and role, including reviewing and recommending the MOU between the Chair and the Minister and annually reviewing and updating corporate governance documents
- Reviews and recommends updates to Board member orientation and ongoing training and development of all Board members
- Provides advice on criteria and potential candidates for appointment to the Board and monitors and recommends training and development programs for directors
- Monitors and recommends improvements to the annual assessment of Board effectiveness, including committees and individual directors
- Reviews and updates role descriptions for the Chair, Vice-Chair, Board committee Chair, Board members, and CEO

Board of Directors

The Board comprises a minimum of 5 members appointed by the Lieutenant Governor in Council through an Order in Council, as recommended by the Minister of Agriculture, Food and Rural Affairs.

Board members are appointed for terms of up to 3 years and may be reappointed. They are agricultural, business, and community leaders who bring a broad range of experience and invaluable expertise to the organization's oversight.

Appointees receive per diem remuneration, based on their role, as outlined in the Agencies and Appointments Directive. In 2022-23, Agricorp's Board of Directors consisted of the following members:

Jason Verkaik, Chair

(York Region)

Term: March 21, 2019 – March 20, 2025

2022-23 Remuneration: \$2,948.14

Jason is owner, operator and president of Carron Farms Ltd., in Holland Marsh. Jason's extensive industry and board experience includes serving as chair and vice-chair of the Ontario Fruit and Vegetable Growers' Association and as a director on the Ontario Produce Marketing Association's Board of Directors. Jason is a graduate of the Ivey Business School's Agricultural Leadership Course and holds an Agricultural Business diploma from the University of Guelph's Ridgetown Campus.

Dan Veldman, Vice-chair

(Oxford County)

Term: January 31, 2019 – July 15, 2023

2022-23 Remuneration: \$327.52

Dan is president of Veldman Grain Farm Limited and operates his farm business together with his family in Embro. He attended Fanshawe College for Farm Business Management. A first-generation egg producer, Dan currently serves as a board member of the Egg Farmers of Ontario and is a former member of the Poultry Insurance Exchange.

John Core

(Guelph)

Term: October 22, 2014 – October 21, 2023

2022-23 Remuneration: \$880.32

John is a former CEO of the Canadian Dairy Commission and former chair of the Dairy Farmers of Ontario. His community involvement includes serving as a board member of Guelph General Hospital Foundation and serving as a member of the Ontario Agricultural Hall of Fame Association board of directors for 2015-16. John holds a Master of Science degree and Bachelor of Science degree in agriculture from the University of Guelph.

John Kikkert

(Niagara Region)

Term: February 28, 2019 – February 27, 2025

2022-23 Remuneration: \$885.36

John is a chicken and turkey producer and owner of Parkview Poultry in Smithville. He has held many different roles for the past 10 years on the Christian Farmers Federation of Ontario's executive board, including president, and is now serving as a director. His extensive board experience includes serving on the boards of the Chicken Farmers of Ontario, Turkey Farmers of Ontario and the Ontario Farm Animal Council. John was chair of the Ontario Agricultural Hall of Fame and now serves as the organization's past president. He holds a diploma in Agriculture from the University of Guelph.

Derek Mendez

(Perth County)

Term: December 31, 2018 – December 30, 2024

2022-23 Remuneration: \$1,597.68

Derek has held several management positions in the Container Port and Energy sectors in Trinidad before migrating with his family to Canada in 2010. He is currently the Vice President at Molesworth Farm Supply Ltd. He served as chair and co-chair on multiple community boards in the municipality of North Perth. He is also a board director on a number of agriculture boards including the Animal Nutrition Association of Canada (ANAC) and the Feed Section Committee of the Ontario Agri-Business Association (OABA). Derek holds a Bachelor of Science degree in Management Studies from the University of the West Indies and a master's certificate in Business Analysis from York University.

Dominic Morrissey

(Uxbridge)

Term: July 31, 2019 – July 10, 2025

2022-23 Remuneration: \$868.56

Dominic currently works in the manufacturing and procurement sector as a business development executive. Previously he worked for the Canadian Federation of Independent Business for ten years, gathering issues that affected the agricultural industry and shepherding them to the appropriate agencies to be addressed. He also ran his own production company for 25 years. Dominic is past president of the Horse Guards Polo Club and has also sat as board member on the Advisory Council of Equine Guelph. Dominic now lives outside of Uxbridge with his family and an assortment of retired horses and rescue animals.

Greg Vanden Bosch

(Dundas County)

Term: March 22, 2022 – March 21, 2025

2022-23 Remuneration: \$670.32

Greg is a partner in Vanden Bosch Farms and a senior partner in Vaden Bosch Elevators Inc. based in Chesterville. He is also a former director and chair of the Grain Section Committee of the Ontario AgriBusiness Association. He graduated from the University of Guelph's Ridgetown Campus in 1988. Greg attended the Advanced Leadership Program (class 4) and the Executive Program for Agricultural Producers in 1995.

Joanne Vanderheyden

(Strathroy-Caradoc)

Term: April 9, 2020 – April 8, 2025

2022-23 Remuneration: \$990.60

Joanne is a past president of the Federation of Canadian Municipalities. She has a solid background in board and committee work and has considerable knowledge in financial reporting and strategic planning. She also spent 22 years as a service representative at the Libro Credit Union. Joanne earned her BA from Western University and served on Western's Board of Governors.

Tammy Young

(Cargill)

Term: April 7, 2022 – April 6, 2025

2022-23 Remuneration: \$490.56

Tammy is owner and operator of Les Young Farms Limited and operates her farm business together with her family in Cargill. She is also a Grain Merchandising Consultant for White Commercial Corp. where she assists several grain elevator owners in their management and marketing across the province. Tammy currently serves as Second Vice President of the Bruce County Federation of Agriculture and District 10 delegate for Grain Farmers of Ontario. She is also a certified grain merchant.

CEO's message

Serving Ontario's farmers for 25 years

Agricorp has been supporting Ontario farmers since 1997. Since then, we have grown in many ways. It's been exciting to watch our organization serve more farmers, deliver more programs and services, and strengthen our role in the industry. With 25 years of experience serving farmers, we know how beneficial delivering programs is to Ontario agriculture.

The importance of the programs we deliver is highlighted by the record-high value of coverage provided through Production Insurance. High yields and high commodity prices resulted in a liability of \$5.8 billion for 2022, which is \$1.8 billion more than just 2 years earlier.

To reflect what is happening in the industry, we make ongoing improvements to how we deliver these programs. We made many improvements last year, to help farmers to get the most out of these programs.

We added pedigreed seed coverage for soybeans, spring wheat, and winter wheat. Plus, we added an 85% coverage level for coloured beans and extended coverage for 2022 to help with production losses caused by on-farm labour disruptions due to COVID-19.

For AgriStability, we built the capabilities and made operational adjustments to make top-up payments for the 2020, 2021, and 2022 program years. These payments reflect an increase in the provincial portion of the compensation rate from 70% to 80%. Starting with the 2023 program year, the AgriStability compensation rate increased to 80% for both the provincial and federal portions, so we also started the work required to incorporate that change.

For RMP: Grains and Oilseeds, we transferred the program delivery to the same system we implemented for Production Insurance, creating gains in our efficiency and our ability to serve farmers with more consistency.

We do our best to be efficient with our resources and with farmers' time. We provide a variety of options to make it easy for farmers to do business their way, including online options as well as the traditional methods. At the beginning of 2023, we added a call-back feature, which offers callers the option to have us call them back instead of waiting on hold. Offering multiple ways to do business allows us to gain efficiencies with our new practices, while still allowing farmers to do business the way they want.

While farmers are our business, our employees are the key to our success. We have the right people with the right skills in the right roles. They are not only skilled and knowledgeable, but they are committed to farmers and the industry. They take tremendous pride in their work and the role they play in supporting Ontario's agricultural sector. In 2022, 32 employees celebrated 10, 20, or 25 years of service with Agricorp. 20 of those employees have been with us since our first year.

It is thanks to the commitment of staff, the advice and support of our board, and the collaboration with industry stakeholders that we are able to meet the needs Ontario's agricultural industry. Agricorp is committed to working with the ministry and our industry partners on ways to strengthen the efficiency and quality of our services and ensure that our processes reflect the unique needs of different commodity groups.

We continue to align our work with our vision, mission, and goals. We strive to enhance the way we work and support that work with the right technology. As we move forward, we remain focused on operational excellence, enhancing our efficiency and productivity, and ensuring we are ready to deliver.

Doug LaRose

Chief Executive Officer

Programs

Ontario is one of the most diverse agricultural regions in the country, producing more than 200 commodities on 11.8 million acres of agricultural land.¹ Agriculture is a key economic driver in the province, but it is also prone to many risks.

Farmers are adept at using the latest management practices and technology to help them minimize risks and maximize production. While they can take measures to reduce some of the risks associated with weather, disease, and insect infestation, other risks are beyond their control, such as market prices and production costs. As well as affecting crop yields, weather can also affect market supply and demand. To help mitigate all of these risks, Agricorp delivers many programs. Our 3 main programs are AgriStability, Production Insurance, and Ontario's Risk Management Program (RMP).

AgriStability and Production Insurance are part of the suite of national business risk management programs offered under the *Canadian Agricultural Partnership*. RMP is funded solely by the Government of Ontario.

Farmers see value in the programs, which is why more than 20,000 farm businesses are enrolled in AgriStability, Production Insurance, and RMP. The majority of customers agree that these programs help stabilize their income, give them the confidence they need to innovate and invest in business improvements, and help them work with lenders to secure the financing needed to operate and grow their businesses.

¹ Statistics Canada, Census of Agriculture, 2021 – [Ontario is an agricultural powerhouse that leads in many farming categories](#)

Different programs cover different risks

Each program covers different types of risks, from weather events to rising production costs and market volatility. Participation in all 3 programs ensures farmers have maximum coverage and long-term stability.

Program summary at a glance

Program	Participation	Payments	Risks covered and benefits
AgriStability	• 9,100 • \$2.2 billion in reference margin	\$62.8 million in 2022-23 (for multiple program years)	Unexpected large income declines • Protects eligible farm income as a whole instead of 1 commodity at a time • Affordable (\$315 for every \$100,000 of reference margin)
Production Insurance	• 14,280 • \$5.8 billion in liability	\$200 million in 2022-23 (for multiple program years)	Low yields and production loss caused by insured perils • Coverage based on a guaranteed level of production • Choice of coverages for more than 100 commodities
Risk Management Program	• Grains and Oilseeds – 5,530 • Livestock – 1,670 • SDRM – 1,650	\$115.6 million in 2022-23 (for multiple program years)	Fluctuating commodity prices and general farm losses or expenses • Covers losses caused by fluctuating commodity prices and production costs • Includes sector-specific plans for cattle, hogs, sheep, veal, grains and oilseeds, and edible horticulture

AgriStability

AgriStability provides whole farm coverage that is designed to cover large declines in net income caused by production loss, increased costs, or market conditions. If a farmer's program year margin falls below 70% of their average historical reference margin, AgriStability helps to offset the difference.

AgriStability is funded by the federal and provincial governments and by producer fees. AgriStability claims are typically processed in the following calendar year after the tax year ends. In the 2022-23 fiscal year, Agricorp mainly processed AgriStability files for the 2021 program year and interim payments for the 2022 program year.

AgriStability highlights

In response to market disruptions and production challenges, the Government of Ontario increased the compensation rate from 70% to 80% for the provincial portion of AgriStability payments. These top-up payments are for the 2020, 2021, and 2022 program years. They are automatic, so farmers receive top-up payments at the same time as their AgriStability payment.

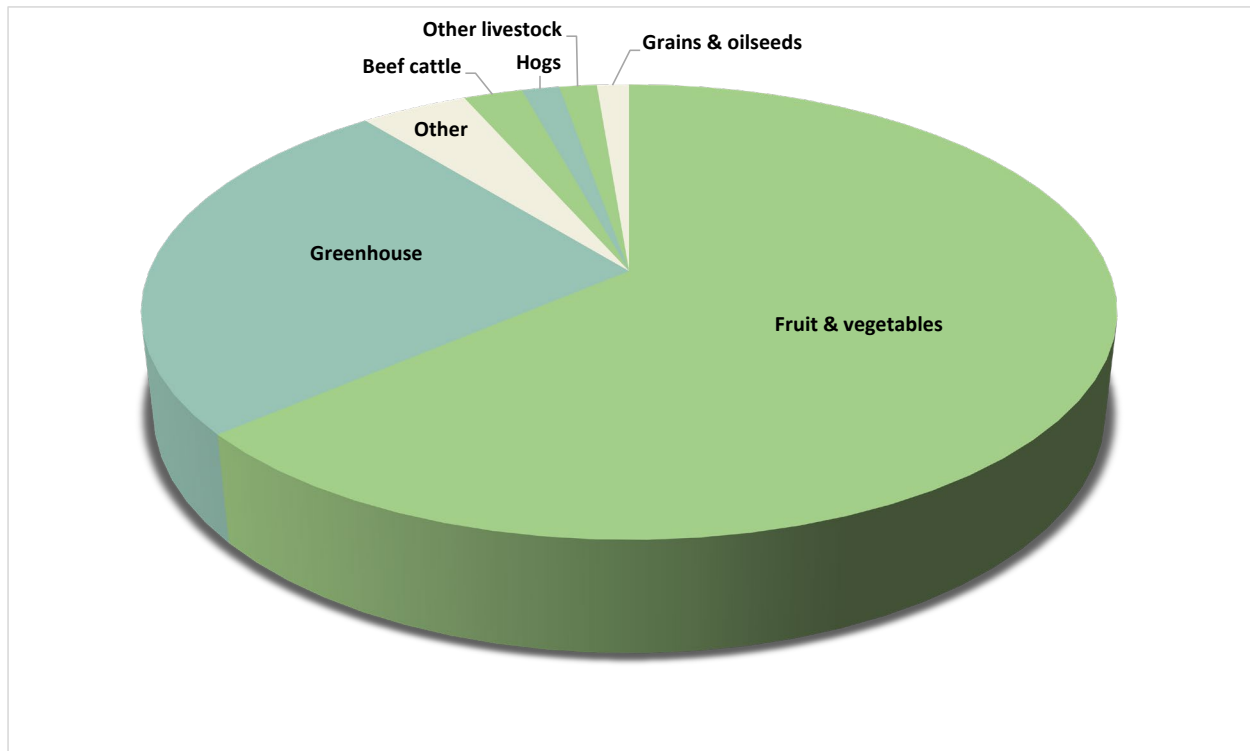
Farmers who experience financial distress can apply for interim payments following completion of 6 months of their fiscal year. Interim payments are 50% of a farmer's estimated final payment. For the 2022 program year, the interim payment rate was increased to 75% for beekeepers and poultry producers who were dealing with significant overwinter hive losses and avian influenza respectively.

Fruit and vegetable growers and greenhouse producers experienced declines due to lower market returns. Fruit and vegetable growers triggered \$30 million in AgriStability payments. This was the largest share of AgriStability payments for 2021.

AgriStability by the numbers

- **9,100** participants in the 2021 program year
- **\$2.2 billion** in reference margin (farming income less expenses)
- **\$47.3 million** in 2021 program payments
- **\$9.7 million** in 2022 interim payments for farmers in financial distress
- **71%** of customers are satisfied or very satisfied with the delivery of AgriStability
- **65%** of customers agree that AgriStability stabilizes farm income

2021 AgriStability payments by sector



Sector	Payments (millions)
Fruit & vegetables	\$30.1
Greenhouse	\$12.1
Other	\$2.0
Beef cattle	\$1.1
Hogs	\$0.7
Other livestock	\$0.7
Grains & oilseeds	\$0.6
Total	\$47.3

Production Insurance

Production Insurance is designed to cover yield reductions and production losses caused by factors beyond a farmer's control, including adverse weather, disease, pests, wildlife, and other uncontrollable natural perils. Coverage is available for over 100 commodities.

For production loss coverage, farmers receive a payment after harvest when an insured peril causes their total yield to fall below their guaranteed level of production. For other coverages, farmers may receive payments for things like inability to plant, tree and vine loss, and excess or insufficient rainfall.

Production Insurance highlights

The 2022 crop year was generally a good year, with farmers getting the majority of their crops planted in favourable conditions. The exception was northeastern Ontario, where a wet spring resulted in numerous replant and unseeded acreage claims. The Production Insurance program paid \$18.8 million in replant claims and \$7 million in unseeded acreage claims this year. This was more than in 2021, which saw \$9.5 million in replant claims and \$0.3 million in unseeded acreage claims paid.

The number of acres insured this year was slightly lower at 5.3 million. This is similar to 2021, where 5.4 million acres were insured, and represents an increase over the previous 5-year average of 5.2 million.

The majority of grain crops did well this year. Almost every county in the province saw yields for corn above the 10-year average. The average corn yield in 2022 was 184 bushels per acre, much higher than the 10-year average of 179 bushels. For soybeans, the average yield was 48 bushels per acre, which is equal to the 10-year average. While the majority of grain crops did well this year, some areas in southwestern and central Ontario experienced extreme dry conditions over the summer months, which reduced yields.

Grape growers experienced a difficult 2022. Extreme cold conditions in February froze grape buds, which in turn reduced yields. The cold conditions were so extreme that in some cases vines died. This not only resulted in reduced yields for 2022, but the death of the vines will also affect grape growers' future production. Grape growers will need to plant new vines and experience lower production for several years until they can return to full production. Production Insurance covers vine mortality, and Agricorp worked closely with farmers to ensure they understood their coverage. Over the past 10 years, Production Insurance claims for grapes averaged \$4 million per year. For 2022, claims were \$35 million.

For 2022, total claims were lower than premiums collected.

Ensuring the sustainability of the Production Insurance program

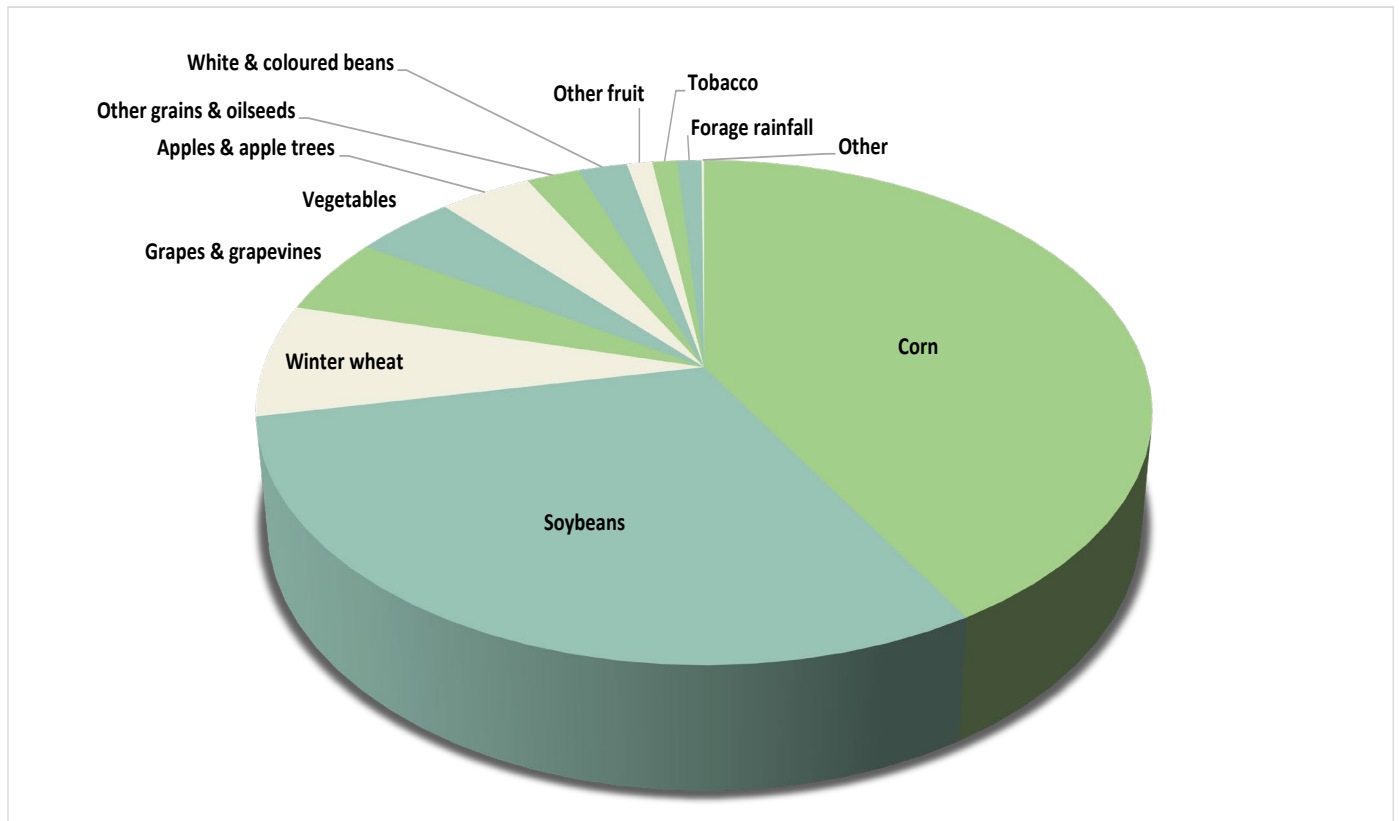
Production Insurance participants are compensated for production losses through claim payments from the Production Insurance Fund. Agricorp has a comprehensive risk management strategy to manage the fund and the financial risk of the Production Insurance program. This strategy includes a premium rate setting methodology that is actuarially certified according to national certification guidelines and approved by Agriculture and Agri-Food Canada. It includes solid underwriting methodologies and claim processes, and a risk-based reinsurance strategy. It provides customers with reliable coverage and stable premiums, while ensuring an adequate reserve of funds for long-term program sustainability. The fund consists of premium funds from customers and the Canada and Ontario governments, along with investment earnings.

The fund balance was \$893.4 million on March 31, 2022. The fund balance plus reinsurance and premiums paid in 2022 covered liability of \$5.8 billion. On March 31, 2023, the fund was \$894.3 million. Agricorp targets a fund balance of 14% of liability. Since the fund balance exceeded our target reserve, customers and governments received the added benefit of a 7.6% reduction in premiums for 2022.

Production Insurance by the numbers

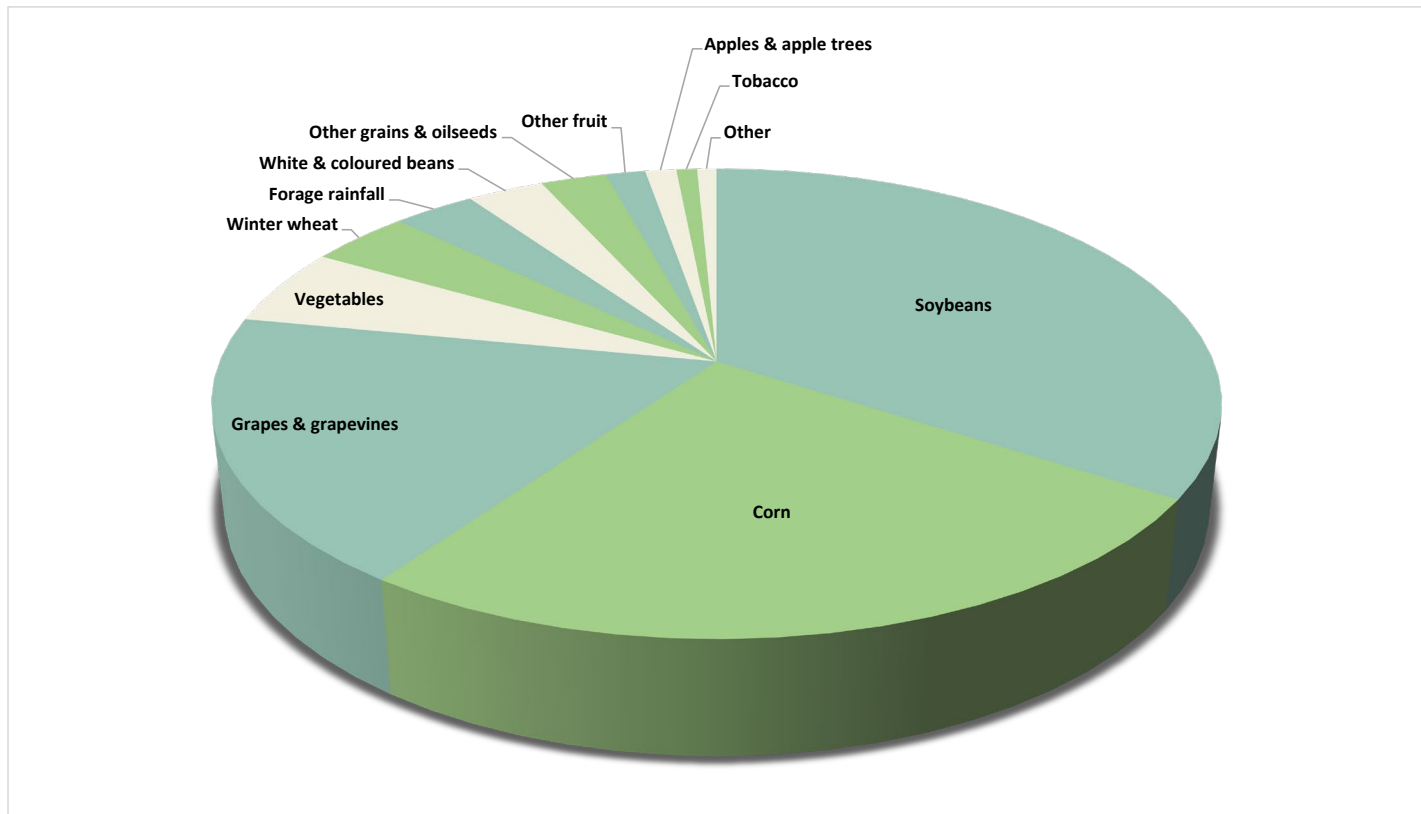
- **14,280** participants in the 2022 program
- **5.3 million** acres and **\$5.8 billion** in liability
- **\$188.6 million** in total claims paid for the 2022 program year, including:
 - **\$143.3 million** for production loss claims
 - **\$7.0 million** for unseeded acreage claims
 - **\$18.8 million** for replant claims
 - **\$19.6 million** for other claims
- **93%** of customers are satisfied or very satisfied with the delivery of Production Insurance
- **87%** of customers agree that Production Insurance stabilizes farm income

2022 Production Insurance liability by crop



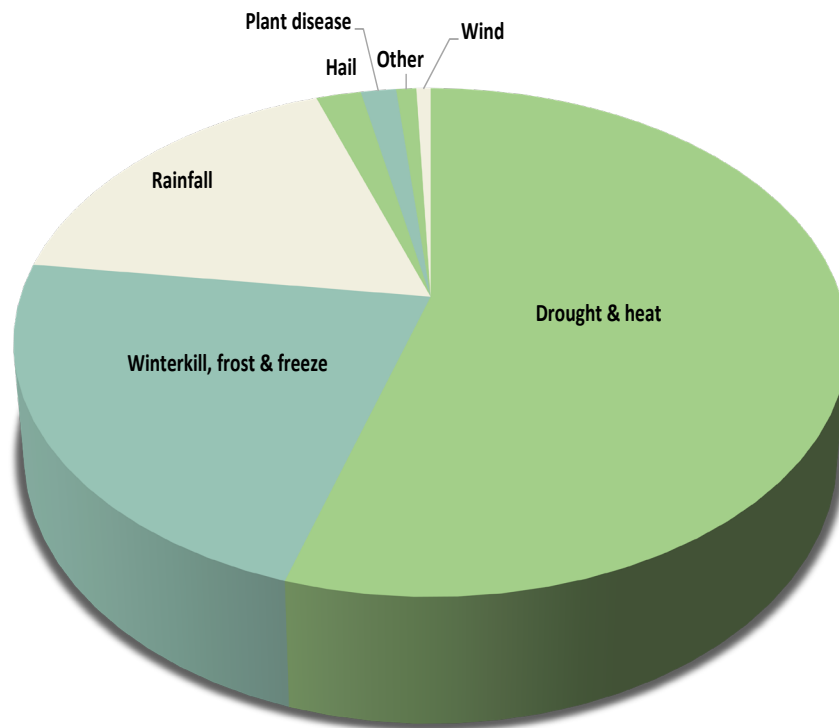
Crop	Liability (million)
Corn	\$2,406.7
Soybeans	\$1,749.5
Winter wheat	\$418.8
Grapes & grapevines	\$287.5
Vegetables	\$247.5
Apples & apple trees	\$228.1
Other grains & oilseeds	\$131.2
White & coloured beans	\$121.7
Other fruit	\$63.2
Tobacco	\$61.7
Forage rainfall	\$60.0
Other	\$6.6
Total	\$5,782.5

2022 Production Insurance claims by crop



Crop	Claim amount (million)
Soybeans	\$64.5
Corn	\$48.1
Grape & grapevines	\$34.6
Vegetables	\$10.0
Winter wheat	\$7.2
Forage rainfall	\$5.9
White & coloured beans	\$5.5
Other grains & oilseeds	\$4.7
Other fruit	\$2.9
Apples & apple trees	\$2.2
Tobacco	\$1.5
Other	\$1.5
Total	\$188.6

2022 Production Insurance claims by peril



Peril	Claim amount (million)
Drought & heat	\$103.3
Winterkill, frost & freeze	\$42.2
Rainfall	\$33.2
Hail	\$3.9
Plant disease	\$3.1
Other	\$1.7
Wind	\$1.2
Total	\$188.6

Risk Management Program

Ontario's Risk Management Program (RMP) is designed to help farmers manage risks beyond their control, such as fluctuating costs and market prices. It includes coverage for cattle, hogs, sheep, veal, grains and oilseeds, and edible horticulture.

RMP for livestock and RMP: Grains and Oilseeds payments are made if the average market price for a commodity falls below its support level. The self-directed risk management (SDRM) plan for edible horticulture allows participants to deposit a percentage of their allowable net sales into an SDRM account and the provincial government contributes to the account. Farmers can withdraw funds from the account to offset financial losses.

RMP is funded by the Ontario government and by premiums paid by farmers. In 2020, government funding for the program increased from \$100 million to \$150 million. Funding covers both program payments and administrative costs.

Starting with the 2021 program year, an RMP fund was implemented to hold annual government allocations and producer premiums for RMP: Grains and Oilseeds and RMP for livestock. This makes the program more like insurance. The fund is used for program payments and any remaining funds are rolled over to the next year. Edible horticulture is not included in the RMP fund. The plan for edible horticulture allows a producer who grows an edible commodity to establish an account with Agricorp to help mitigate risks associated with their farm business.

RMP highlights

In 2022, market prices continued to be high for most commodities, and only a few pre-harvest payments were triggered for grain and oilseed farmers. Post-harvest payments will be issued in the spring of 2023. In the livestock sector, farmers saw lower prices for livestock and this, combined with high feed prices, resulted in payments being issued.

RMP by the numbers

- **8,850** endorsements in 2022
- **\$115.6 million** in program payments paid in 2022-23 under all 6 plans (covers multiple program years):
 - **\$77.0 million** in livestock payments
 - **\$0.2 million** in grains and oilseeds payments
 - **\$38.3 million** in government funds deposited into SDRM accounts
- **84%** of customers are satisfied or very satisfied with the delivery of RMP
- **82%** of customers agree that RMP stabilizes farm income

Appeals processes

Agricorp takes great care to ensure we are accurate and thorough in underwriting coverage, processing claims, and managing customer files. Nonetheless, when a customer disagrees with a decision, we make every effort to resolve the issue using clear, consistent procedures.

AgriStability and RMP

Agricorp processes close to 20,000 AgriStability and RMP files each year. In 2022-23, Agricorp received just one customer request for review by the Business Risk Management Review Committee (BRMRC).

Customers who disagree with a decision made by Agricorp about their AgriStability or RMP file can contact us to request an internal review. We conduct an internal review to determine that the file was adjudicated in accordance with program guidelines and consistently with other files. If the customer is not satisfied with the results of the internal review, they can request a review by BRMRC, an advisory agency of the provincial government that is separate from Agricorp, with members appointed by the Minister. The BRMRC hears requests for review and makes non-binding recommendations to Agricorp. As the program administrator, Agricorp is accountable for applying all program rules consistently and for making all decisions related to these programs. As such, Agricorp may accept the BRMRC's non-binding recommendations in full or in part, or may decline them.

Production Insurance

For the 2022-23 crop year, Agricorp underwrote 14,280 customers, processed more than 8,200 claims, and received just one customer request for an internal review.

Customers who disagree with a decision made by Agricorp about their Production Insurance claim or about their eligibility for Production Insurance coverage can contact us to request an internal review. If the results of that review are unsatisfactory, customers can appeal to the Agriculture, Food and Rural Affairs Appeal Tribunal, which is an adjudicative tribunal of the provincial government. This independent body makes final, binding decisions on disputes between Agricorp and Production Insurance customers.

Farm Business Registration

In 2022, 44,000 farm businesses registered.

Under the Farm Business Registration (FBR) program, Ontario farmers who gross \$7,000 or more in farm income annually are required to register their farm businesses. By registering, farm businesses are eligible for other government programs, such as the Farm Property Class Tax Rate Program and the Ontario Wildlife Damage Compensation Program. Registered farm businesses also obtain membership in 1 of 3 accredited farm organizations (AFOs): the Christian Farmers Federation of Ontario, the National Farmers Union – Ontario, or the Ontario Federation of Agriculture. AFOs fund Agricorp's administrative costs for the program.

Farm Property Class Tax Rate Program

For the 2023 property tax year, 167,000 properties were eligible for the program.

Under the Farm Property Class Tax Rate Program, Agricorp, the Municipal Property Assessment Corporation (MPAC), and municipalities work together to administer the program. MPAC assesses properties as farmland and determines the value. Agricorp processes applications and verifies program eligibility. Municipalities apply their farm property class tax rate to eligible properties and collect their taxes. The Ontario government funds Agricorp's administrative costs for the program.

Agricorp started delivering the Farm Property Class Tax Rate Program in 2019. Program eligibility is determined annually.

Provincial Premises Registry

As of March 31, 2023, there were 57,000 registrations.

The Provincial Premises Registry (PPR) allows Ontario farmers to register parcels of land that are associated with agri-food activities, such as crop and livestock production and food processing. The registry supports traceability, enabling governments and industry to respond swiftly to incidents that could affect the agri-food sector, such as weather disasters, animal or plant disease outbreaks, or contaminated food. It also supports emergency preparedness and rapid identification of agri-food locations. Agricorp delivers PPR on behalf of OMAFRA. The Ontario government funds the registry.

Grain Financial Protection Program

In 2022-23, Agricorp licensed 256 dealers and 373 elevator operators in Ontario.

The Grain Financial Protection Program covers financial losses if licensed dealers and elevator operators do not meet their payment or storage obligations to farmers or owners of grain corn, soybeans, canola, and wheat. Farmers or owners may submit a claim to the Grain Financial Protection Board to cover a portion of their losses. Agricorp is responsible for the licensing and inspection components of the Grain Financial Protection Program. Administrative program costs are paid by farmers through their checkoff fees and by dealers and elevator operators through their licensing fees. The Grain Financial Protection Board manages the 4 insurance funds and determines if a claim should be paid.

Beef Cattle Financial Protection Program

In 2022-23, there were 139 licensed dealers.

The Beef Cattle Financial Protection Program covers financial losses if licensed dealers do not meet their payment obligations to Ontario beef cattle sellers. Cattle sellers may submit a claim to the Livestock Financial Protection Board (LFPB) to cover a portion of their losses. Agricorp is responsible for the licensing and inspection components of the Beef Cattle Financial Protection Program. Administrative program costs are paid by farmers through their checkoff fees and by dealers through their licensing fees. The LFPB manages the Fund for livestock Producers and determines if a claim should be paid.

Vintners Quality Alliance Wine Support Program

In 2022-23, Agricorp issued program payments of \$10 million to 98 Ontario wineries.

The Vintners Quality Alliance (VQA) Wine Support Program supports Ontario wineries in increasing their competitiveness and innovation while growing the sale of Ontario VQA wines at the Liquor Control Board of Ontario. The program provides grants to help wineries invest in growing their VQA wine businesses, including export and tourism development activities. The program is funded by the Ontario government.

Small Cider Program

In 2022-23, Agricorp issued program payments of \$2.8 million to 70 cideries.

The Small Cider Program provides eligible Ontario cideries with financial support to help grow their operations. Payments are based on sales of alcoholic cider. The program is funded by the Ontario government.

Small Distillery Program

In 2022-23, Agricorp issued program payments of \$2.5 million to 44 distilleries.

The Small Distillery Program provides eligible Ontario distilleries with financial support to help grow their operations. Payments are based on sales of spirits. The program is funded by the Ontario government.

Winery Agri-Tourism COVID-19 Relief Initiative

In 2022-23, Agricorp issued program payments of \$8.4 million.

This program provides financial support to wineries and cideries whose on-site sales were impacted by safety measures to stop the spread of COVID-19. The program is funded by the Ontario government.

Services

Leveraging our people, systems, data, and infrastructure, Agricorp provides a number of services to industry and commodity groups to support and enable an innovative, competitive, and sustainable agri-food sector.

Data management services

In partnership with the Grape Growers of Ontario, Ontario Fresh Grape Growers, Ontario Apple Growers and Ontario Tender Fruit Growers, Agricorp uses web-based data management services and GPS technology to measure and map vineyards and orchards and to collect agronomic information. Agricorp uses this information to support the delivery of programs to the fruit industry. Industry uses this information to effectively implement their own initiatives, including research, marketing, food safety, and production management.

Financial, secretariat and communication services

Agricorp provides a variety of services and support to the Grain Financial Protection Board, Livestock Financial Protection Board, Dairy Farmers of Ontario, and OMAFRA.

Grain Financial Protection Board

Agricorp provides governance, secretariat, and financial services to the Grain Financial Protection Board, a board-governed agency that administers 4 grain funds established under the *Farm Products Payments Act*. Their mandate is to administer funds, investigate claims, grant or refuse claim payments, and recover any money they are entitled to. Agricorp supports claim adjudication and processes checkoff fees through reporting, investment, and annual audit support. To support the Board in their administration of the grain funds, we coordinate and support board meetings; facilitate board appointments; develop process and issues documents; and develop and coordinate all board governance materials.

Livestock Financial Protection Board

We provide governance, secretariat, and financial services to the Livestock Financial Protection Board, a board-governed agency that manages the Fund for Livestock Producers under the *Farm Products Payments Act*. Their mandate is to administer the fund, investigate claims, grant or refuse claim payments, and recover any money they are entitled to. Agricorp supports claim adjudication and processes checkoff fees received through reporting, investment, and annual audit support. To support the Livestock Financial Protection Board in their administration of the fund, we coordinate and support board meetings; facilitate board appointments; develop process and issues documents; and develop and coordinate all board governance materials.

Dairy Farmers of Ontario

Under contract with the Dairy Farmers of Ontario (DFO), Agricorp helps protect the financial interests of milk farmers by analyzing quarterly and annual financial statements and reviewing and updating DFO's required security from the 64 dairy processors that own 82 processing plants in Ontario. Agricorp also assists with the credit verification process for new dairy processors wanting to purchase milk from DFO. Dairy processors purchase \$2.5 billion worth of milk from Ontario farmers annually.

OMAFRA

Under contract with OMAFRA, Agricorp provides a telephony infrastructure platform for OMAFRA's Agriculture Information Contact Center.

Mapping and verification services

Agricorp provides a variety of mapping, measurement, and verification services to commodity groups in support of industry-led initiatives.

Ontario Ginseng Growers' Association

In 2022-23, we mapped 1,933 acres for 280 ginseng gardens.

Agricorp measures, maps and provides acreage information for newly planted ginseng gardens. This information is used by the Ontario Ginseng Growers' Association to support research, understanding and innovation.

Berry Growers of Ontario

In 2022-23, we mapped 106 acres for 9 farmers.

We measure, map and provide acreage information for strawberries, blueberries and raspberries. This information is used by the Berry Growers of Ontario to collect fees, gain market intelligence, develop strategic marketing plans, and identify research and development opportunities.

Management discussion and analysis

Governments, including the Ontario government, have faced the challenges of improving public services while containing or reducing expenses. Agricorp is no exception to these challenges, and has worked hard to be fiscally responsible while providing and improving services to the farmers of Ontario.

While overall growing conditions were favourable for most farmers in 2022, not all farmers experienced good conditions and Agricorp was there to help. In northwestern Ontario, excessive wet conditions hindered spring planting. In response, Production Insurance planting deadlines in Rainy River and Thunder Bay were extended. Beekeepers struggled with significant overwinter hive losses, and poultry farmers struggled with avian influenza. In response, the AgriStability interim payment was increased from 50% to 75% to provide additional immediate support to these farmers.

Agricorp's IT systems support the delivery of programs and services to farmers. This year, the outdated administration system used to deliver RMP: Grains and Oilseeds was replaced, removing the risk of failure of an obsolete IT system. This also reduced escalating system maintenance risks and enabled continued efficiency, accuracy, and integrity in program delivery. Over the past few years, continual investments have been made to improve business processes and IT systems. By centralizing our customer data, financial transactions across programs have become more efficient.

Strong business planning

Strong agricultural support requires strong business planning to ensure we are ready to provide customers with the service they need to grow their farm businesses.

We start with a robust business plan supported by timely, transparent reporting. The Board of Directors and Senior Management Team develop the plan in collaboration with our government partners, and we publish it on our website. Our planning process draws on our understanding of the current agricultural industry, a detailed risk assessment, government expectations, and our customers' needs.

The business plan articulates our strategic direction and priorities for a 3-year period. It includes clear performance metrics for our daily operations that align with nationally established performance standards. The plan is updated annually and submitted for approval to the Minister of Agriculture, Food and Rural Affairs. We report on our progress to OMAFRA and industry stakeholders throughout the year. The Board also submits an annual report to the Minister. Once the Minister approves the report, it is tabled in the Ontario Legislature and then published on agricorp.com. Timely and transparent planning and reporting ensure all stakeholders are well informed about how we are delivering on our commitments.

We empower our employees to provide a trusted customer experience. Positive results from both our employee engagement survey and our customer satisfaction survey highlight our success in achieving our goals. Our staff feel a great sense of pride in the ability to serve the agricultural sector, and our customers appreciate their commitment to the industry. These two things in combination with strong business planning and good relations with stakeholders and federal and provincial partners help to support a strong agricultural industry.

Financial analysis for 2022-23

The following table shows administrative expenses by program and the variances between the estimate in our 2022-25 business plan and actual costs. Estimated and actual costs are presented on a cash basis.

Funding for Strategic Investments is in addition to regular funding for program administrative costs. These investments enable Agricorp to implement program change, customer service enhancements and IT system upgrades.

Uncommitted represents work that has been identified as a priority by Agricorp and OMAFRA, but funding for the work was not yet approved when the 2022-25 business plan was submitted to the Ontario Minister of Agriculture, Food and Rural Affairs. Funding for this work may or may not be approved in-year.

Committed represents work where the funding has been approved. Funding in the Estimate column was approved prior to business plan submission. Funding in the Actual column was approved prior to or during fiscal 2022-23.

Actual spending versus estimate - variance table

Administrative expenses by program (in thousands of dollars)	Estimate	Actual	Variance under (over)
AgriStability	10,100	9,574	526
Production Insurance	19,300	18,045	1,255
Risk Management Program	5,200	4,819	381
Other programs and services	3,500	6,204	(2,704)
Total Expenses	\$ 38,100	\$ 38,642	\$ (542)
Administrative expenses funding			
Federal funding	17,600	16,582	1,018
Ontario funding	18,800	20,230	(1,430)
Fee revenue	1,700	1,830	(130)
Total Funding	\$ 38,100	\$ 38,642	\$ (542)
Funding surplus (deficit)	\$ -	\$ -	\$ -
Strategic Investments			
Committed	-	2,346	(2,346)
Uncommitted	2,200	-	2,200

Total Actual administrative expenses were over Estimate by \$0.5 million.

Actual expenses for AgriStability were under Estimate by \$0.5 million. Expenses for Production Insurance were under Estimate by \$1.3 million. Lower expenses were primarily due to short-term staffing vacancies.

Other programs and services expenses were over Estimate by \$2.7 million. \$2.3 million in strategic investment funding approved in fiscal 2022-23 drove this variance. These investments included funding to transfer delivery of RMP: Grains and Oilseeds to a new administrative system and to implement Ontario AgriStability Top-up payments, Towards Increased Profits reports, and the Winery Agri-Tourism COVID-19 Relief Initiative.

2022-25 Business plan

Agricorp's 2022-25 business plan focuses on three goals:

- Agricorp is easy to do business with
- Agricorp has efficient and effective operations
- Agricorp is ready to deliver

In 2022-23, Agricorp made steady progress on all 3 goals through work on strategic initiatives, including the following:

- Completed the implementation of RMP: Grains and Oilseeds off the mainframe and onto the same system used to deliver Production Insurance.
- Implemented Production Insurance coverage for pedigreed seed spring wheat, pedigreed seed winter wheat, and pedigreed seed soybeans.
- Worked closely with both federal and provincial governments on multiple enhancements to the AgriStability program.
- Supported OMAFRA's review of Production Insurance coverage for bees and honey.
- Completed the efficiency review of the Farm Property Class Tax Rate Program.

The following pages show how Agricorp has made progress on its 3 strategic goals.

Easy to do business with

As a customer-focused organization, making it easy for farmers to do business with us is important. This means offering a choice of service channels. This year, customers connected with us by phone, online, and through farm shows and meetings. We focused on effective communications and customer outreach to make sure customers understood how programs work and what the best options were for their farm businesses.

Convenient customer service channels

We continue to look for ways to make it easier for customers to conduct business with us. We want to ensure that customers can reach us in a way they feel most comfortable with, whether that is using electronic methods or more traditional methods, such as by phone or in person. Customers can choose to report acres online or by phone, mail, or fax. Payments to farmers can be issued either through direct deposit or by cheque. Fees for programs can be made online, by cheque, or through telephone banking. Whichever way customers want to conduct business with us, we are making sure that we are available for them.

Highlights: 2022-23

92% of customers rated Agricorp's overall performance as equal to, or as better than, similar agricultural businesses.

In total, 8,200 customers have signed up for direct deposit.

For the 2023 crop year, the number of customers who reported their fall-seeded acreage online increased by 49%.

Accessible information

We continue to stay connected with industry stakeholders and farmers through multiple service channels. This year, we were able to return to in-person meetings and farm shows while continuing to leverage our website, agricorp.com.

The latest news is posted on agricorp.com. Program coverage and program changes are communicated directly to customers via email, news stories, and updated program content on our website. We also used our regular monthly advertisement in farm media to reach customers.

We continued with our digital advertising to enhance our online presence as another way to support customers finding the information they need. Digital advertising helps to cast a wider geographic net. One click brings the customer directly to our website.

Highlights: 2022-23

We attended Canada's Outdoor Farm Show, London Farm Show, and the Ontario Fruit and Vegetable Convention.

We attended 121 stakeholder meetings.

When compared to industry benchmarks, we experience close to twice the level of interest in our digital ads.

Communication with customers

When communicating with customers, we provide multiple choices for communication. For the Farm Business Registration program, farmers have the option of going paperless or having an invoice mailed to them. They can pay their program fee online, at their bank, or by mailing a cheque. This year, we worked with the Grain Financial Protection Board to launch an updated claim form and a new information sheet for the Grain Financial Protection Program. We also added a callback feature in our call centre. This helps reduce the burden on customers, limiting the time required for them to be on the phone to complete business with us.

Highlights: 2022-23

More than 9,000 farmers are using agricorp.com to register their farm businesses.

10,300 customers have gone paperless for the Farm Business Registration program.

The callback feature in our call centre reduced voicemails by 71% for the Production Insurance program, Farm Business Registration, and Farm Property Class Tax Rate Program.

Efficient and effective

We take pride in our ability to operate efficiently and effectively. Continuous improvements have always been a cornerstone for us. It is part of our regular work to actively look for ways to improve and streamline processes and reduce costs. Responding to customer needs with responsive, high-quality service, helpful information, and timely program payments are our objectives.

Leveraging skills and infrastructure

Last year we implemented a new administration system for Production Insurance. This year, we transferred RMP: Grains and Oilseeds to this new administration system. Both programs use the same data and process. Having both programs using the same administration system provides technical stability and security while ensuring accuracy of customer information.

This year, delivery of the Beef Cattle Financial Protection Program was transferred from OMAFRA to Agricorp. Delivering this program leverages our expertise, as we also deliver the Grain Financial Protection Program for grain farmers.

Agricorp manages the Production Insurance Fund and insurance funds for the Grain Financial Protection Board and the Livestock Financial Protection Board. In 2022-23, Agricorp completed implementation of processes and IT systems for the Risk Management Program (RMP) Fund. This fund holds the annual government allocation and customer premiums that are used to pay RMP claims.

Highlights: 2022-23

85% of customers surveyed felt that Agricorp runs its business efficiently.

Adjusters primarily work with Production Insurance customers, but they also provide acreage mapping services to the ginseng and berry grower associations.

Claims adjudicators provide support to call centre staff to help reduce call wait times when there are high call volumes.

Optimizing resources

Agricorp works with OMAFRA and industry stakeholders to strengthen the efficiency and quality of our services and to meet the unique needs of farmers. In 2022, the Production Insurance program provided farmers with record-high coverage. The combination of high yields and high commodity prices resulted in Production Insurance coverage of \$5.8 billion. In 2020, coverage was just \$3.9 billion, while the number of acres planted was the same. Since each insured acre is worth more than ever, farmers are getting more insurance for their money. For farmers who did experience a production loss, high commodity prices meant higher claim prices because Production Insurance is designed to reflect the market.

Production Insurance provides farmers with protection while keeping premiums stable. The federal and provincial governments pay 60% of the premiums and farmers pay the other 40%. Administration costs are fully covered by government. The strong financial position of the Production Insurance fund resulted in savings of \$5.1 million for the federal government, \$3.4 million for the provincial government, and \$5.7 million for farmers.

This year, we used a third-party service provider to help us review and find efficiencies for the delivery of the Farm Property Class Tax Rate Program. The review found a few areas for minor cost savings, but overall the program is being delivered efficiently.

Highlights: 2022-23

89% of customers surveyed felt Agricorp gets things done in a reasonable amount of time.

Due to the strong financial position of the Production Insurance fund, farmers received a 7.6% discount in premiums despite the program having the highest liability on record.

Keeping data secure

Keeping our customers data secure is a priority for Agricorp. Over the past year, we have proactively monitored and mitigated security threats using various industry leading security products along with continued staff awareness.

Cyber-attack methods are continually evolving, and accordingly, Agricorp has evaluated, procured, and implemented advanced security products and tools to safeguard assets. One of the latest products provides a comprehensive view of Agricorp network traffic before it reaches corporate servers. This product has the ability to stop malicious traffic based on certain behavioural characteristics and current industry trends.

Agricorp staff complete regular manual threat identification exercises. Agricorp also proactively applies security software patches, as recommended by software providers.

Highlights: 2022-23

Annual information and technology security training is part of our processes.

Annual IT systems penetration testing is conducted on all internet-facing infrastructure and related components.

Protocols including roles, expectations, and communications in the event of a security incident are being refined.

We have engaged employees

Agricorp's skilled and knowledgeable workforce allows us to respond to the changing needs of the agricultural industry and governments while maintaining quality customer service. Supporting a high level of employee engagement in an environment of continual change is a key priority.

A key part of Agricorp's value to government, farmers, and stakeholders comes from our experienced and knowledgeable employees. Learning and development opportunities continued to be a focus this year, and were key drivers for success to motivate, engage, and keep our employees connected to our vision, mission, and values.

Highlights: 2022-23

Agricorp employees are very engaged with a high response rate of 88% on the employee engagement survey.

Agricorp employees have a great sense of pride in the ability to service the agricultural sector.

85% of employees feel they have understanding and accommodating leaders.

Ready to deliver

Agricorp receives regular requests from government and industry to deliver new programs and services and to update existing ones. As agriculture evolves, programs must also evolve to keep pace with changing industry practices and needs. Agricorp works hard to ensure that when change is needed, we are ready to deliver programs that remain relevant and responsive.

Helping customers in need

This year, beekeepers and poultry producers had to deal with overwintering, production, and inventory losses and were eligible for an increased AgriStability interim payment. Having access to interim claims meant customers did not need to wait until the end of the year to access much needed funds. Farmers in northeastern Ontario faced challenging planting conditions. Planting deadlines were extended to ensure farmers still had access to Production Insurance coverage for their crops.

Agricorp continued to work with the federal and provincial governments on the extension of Production Insurance coverage for production losses caused by on-farm labour disruptions due to COVID-19. This helped to support the industry as they continue to navigate the challenges that COVID-19 has caused.

When additional funding was announced in the fall of 2022 for a specific group of programs, Agricorp worked quickly to ensure additional payments were issued without the need for customers to reapply. When the Ontario government announced they would increase the provincial portion of AgriStability payments, Agricorp ensured that top-up payments were issued automatically as AgriStability claims were completed.

Highlights: 2022-23

\$2.7 million in additional funds paid to customers in the Small Cidery Program and Small Distillery Program.

\$2.5 million in additional funds paid to customers in the Vintners Quality Alliance Wine Support Program.

\$9.7 million was provided in interim AgriStability payments to farmers for the 2022 program year.

Enhancing products

Working closely with OMAFRA and industry ensures Agricorp keeps programs relevant. Programs are reviewed regularly, and staff collaborate with both OMAFRA and industry stakeholders to ensure the programs are meeting the needs of Ontario farmers. New Production Insurance coverage was made available this year for pedigreed seed spring wheat, pedigreed seed winter wheat, and pedigreed seed soybeans. Insurable values and abandonment thresholds were also updated for fresh market vegetables covered on an acreage-loss basis – the new values reflect the real costs that farmers are currently facing.

Grape farmers faced an unusually cold overwintering period, and as a result, many farmers had high vine loss. Agricorp worked closely with Agriculture and Agri-Food Canada, OMAFRA, and industry stakeholders to implement a buffering mechanism to help stabilize Production Insurance coverage for 2023.

Highlights: 2022-23

93% of customers surveyed are satisfied with the delivery of Production Insurance.

Production Insurance coverage for pedigreed seed is now offered for corn, soybeans, spring wheat, and winter wheat.

Working with our government partners

In December 2022, federal, provincial, and territorial ministers of agriculture reached an agreement for the Sustainable Canadian Agricultural Partnership, which will be in place from April 2023 to March 2028. To enhance economic sustainability, ministers agreed to improve business risk management programs, including raising the AgriStability compensation rate from 70% to 80%, starting with the 2023 program year. This change will improve support for farmers who trigger a payment.

Agricorp continues to support OMAFRA through the review of Production Insurance coverage for bees and honey. Meetings are being held with Agricorp, OMAFRA, and the Ontario Beekeepers Association to review options. Agricorp has also received detailed information from other provinces on how their bee and honey coverage works and has met with Agriculture and Agri-Food Canada to discuss the bee and honey review.

What our customers think

Overall satisfaction with Agricorn remains exceptionally high. Our call centre's strongest attributes of being friendly and competent continue to be acknowledged in the feedback we receive from our customers.

98% of our customers surveyed are satisfied with the call centre.

We had record attendance at farm show booths, exceeding our previous records by 12%.

Looking ahead

Agricorn's performance has been strong, reliable, and consistent. Looking ahead, we will continue to focus on improving efficiency and quality, ensuring customers have the support they need when they need it.

We recognize the value of the agricultural sector, and we fully support the Ontarians who work in this industry. Our commitment to our customers and to a thriving agricultural sector means we will always work hard to help strengthen Ontario agriculture.

2022-23 Performance measures and results

Targets	Results
Achieve a consistently high overall customer service rating that is equal to or greater than the previous 3-year average of 92%.	In the 2023 customer satisfaction survey, Agricorp's overall customer service performance rating was 92%.
Achieve a customer satisfaction rating for the delivery of Production Insurance that is equal to or greater than the previous 3-year average of 92%.	In the 2023 customer satisfaction survey, Agricorp's rating for the delivery of Production Insurance was 93%.
Achieve a customer satisfaction rating for the delivery of AgriStability that is equal to or greater than the previous 3-year average of 75%.	In the 2023 customer satisfaction survey, Agricorp's rating for the delivery of AgriStability was 71%. Agricorp will continue to provide quality customer service in line with national comparators and in alignment with government expectations for the AgriStability program. Agricorp will continue to leverage a variety of service delivery approaches and tools to enable service delivery in all situations.
Achieve a customer satisfaction rating for the delivery of Risk Management Program (RMP) that is equal to or greater than the previous 3-year average of 83%.	In the 2023 customer satisfaction survey, Agricorp's rating for the delivery of RMP was 84%.
Process 95% of the 2021 AgriStability files by December 15, 2022.	Agricorp processed 73% of the 2021 AgriStability files by December 15, 2022. In 2022-23, some adjudication staff were shifted from claims processing to supporting the call centre. They were also focused on completing the remainder of the 2020 files prior to proceeding with 2021 files. Training of new staff affected productivity, as experienced staff supported new staff in building foundational skills and knowledge. AgriStability resources were focused on processing payment files over nonpayment files. This enabled Agricorp to continue to deliver timely payments to farmers in need.

Targets	Results
Process 90% of Production Insurance claims within 30 calendar days of receipt of all required information.	Agricorp processed 88% of Production Insurance claims within 30 calendar days. A wet spring resulted in a high number of replant claims. A dry summer resulted in high production losses in some parts of the province. Agricorp will continue to leverage a variety of service delivery approaches and tools to maintain service delivery when claim volumes are high.
Process 95% of RMP payments within 60 days of receipt of all required information.	Agricorp processed 98% of RMP payments within 60 days.
Complete the annual Chair and CEO Agency Attestation, as required, for compliance with applicable legislation, directives, and policies.	Agricorp completed the Chair and CEO Agency Attestation for 2022-23 by March 1, 2023, as required by the Ontario government and in compliance with the Agencies and Appointments Directive.
Submit a 3-year business plan to the Minister by March 1, 2023.	Agricorp's 2022-25 business plan was submitted to the Minister on February 27, 2023.
Provide sound and balanced operational performance and financial reports to OMAFRA quarterly.	Operational and financial reports were provided to OMAFRA on a monthly and quarterly basis.
Submit an annual report to the Minister within 90 days of receipt of audited financial statements from the Auditor General.	Agricorp's 2021-22 annual report was submitted to the Minister 29 days after receiving audited financial statements from the Auditor General.
Ensure that a comprehensive audit control framework is monitored annually by Agricorp's Board of Directors.	The annual audit control framework was developed, implemented, and monitored.
Ensure the administrative cost forecast at the end of the third quarter is within 1.5% of year-end actuals, for all programs and services delivered.	Agricorp's administrative cost forecast at the end of the third quarter was within 1.0% of year-end actuals, for all programs and services delivered.

Management's responsibility for financial reporting

The accompanying financial statements have been prepared by management. The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards. Management is responsible for the accuracy, integrity and objectivity of the information contained in the financial statements.

The financial statements include some amounts, such as provisions for claims that are necessarily based on management's best estimates and which have been made using careful judgment.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. The systems include formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control. The Board meets regularly to oversee the financial activities of Agricorp and annually reviews the financial statements.

These financial statements have been audited by the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian Public Sector Accounting Standards. The Independent Auditor's Report, which appears on the following page, outlines the scope of the Auditor General's examination and opinion.

Original signed by

Doug LaRose
Chief Executive Officer

Original signed by

Becky Philpott
Chief Financial Officer

June 21, 2023



Office of the Auditor General of Ontario
Bureau de la vérificatrice générale de l'Ontario

INDEPENDENT AUDITOR'S REPORT

To Agricorp

Opinion

I have audited the financial statements of the Agricorp, which comprise the statement of financial position as at March 31, 2023, and the statements of operations and fund balances, remeasurement gains and losses and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Agricorp as at March 31, 2023, and the results of its operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Agricorp in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and my auditor's report thereon, in Agricorp's 2023 Annual Report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Agricorp's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Agricorp either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Agricorp's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Agricorp's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Agricorp's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Agricorp to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Toronto, Ontario
June 21, 2023

Susan Klein, CPA, CA, LPA
Assistant Auditor General

Agricorp

Statement of financial position

As at March 31, 2023

(In thousands of dollars)		General Fund	Production Insurance Fund	Risk Management Program Fund	2023	2022
Current assets						
Cash	\$	6,132	\$ 111,773	\$ 8,911	\$ 126,816	\$ 251,358
Short term investments (note 6)		1,113	573,681	122,784	697,578	298,667
Accounts receivable (note 5)		1,957	20,143	3,049	25,149	21,771
Funds under administration (note 3)		19,949	-	-	19,949	20,617
Prepaid expenses		1,137	-	-	1,137	1,096
Total current assets		30,288	705,597	134,744	870,629	593,509
Long term investments (note 6)		-	253,760	-	253,760	492,039
Capital assets (note 7)		6,769	-	-	6,769	9,045
Total assets	\$	37,057	\$ 959,357	\$ 134,744	\$ 1,131,158	\$ 1,094,593
Current liabilities						
Accounts payable and accrued liabilities		2,790	4,281	2,081	9,152	9,922
Funds under administration (note 3)		19,949	-	-	19,949	20,617
Unearned premiums		-	46,351	-	46,351	33,301
Deferred contributions (note 10)		1,155	-	-	1,155	1,113
Provision for claims		-	14,700	1,483	16,183	58,564
Total current liabilities		23,894	65,332	3,564	92,790	123,517
Deferred contributions - capital assets (note 10)		6,769	-	-	6,769	9,045
Total liabilities		30,663	65,332	3,564	99,559	132,562
Fund balances						
Unrestricted funds		6,394	-	-	6,394	4,295
Restricted funds		-	894,279	131,180	1,025,459	957,736
Accumulated remeasurement losses		-	(254)	-	(254)	-
Total liabilities, fund balances and accumulated remeasurement losses	\$	37,057	\$ 959,357	\$ 134,744	\$ 1,131,158	\$ 1,094,593

Commitments and contingencies (note 13)

See accompanying notes to financial statements

Approved on behalf of the Board

Original signed by

Original signed by

Jason Verkaik
Board Chair

Dominic Morrissey
Finance and Audit Committee Chair

Agricorp

Statement of operations and fund balances

Year ended March 31, 2023

(In thousands of dollars)	General Fund	Production Insurance Fund	Management Program Fund	Risk Fund	2023	2022
Revenue						
Funding – provincial government (notes 9 and 14)	\$ 21,170	\$ 48,824	\$ 111,213	\$ 181,207	\$ 173,043	
Funding – federal government (note 9)	18,357	73,237	-	91,594	80,619	
Premiums from producers	-	83,640	27,822	111,462	100,903	
Consulting and other services	1,911	-	-	1,911	1,683	
Investment income	305	22,921	4,757	27,983	13,942	
Total revenue	41,743	228,622	143,792	414,157	370,190	
Expenses						
Claims	-	200,013	76,984	276,997	186,217	
Reinsurance (note 11)	-	27,656	-	27,656	15,993	
Administration (notes 12 and 16)	39,644	-	-	39,644	40,140	
Bad debts	-	38	-	38	1	
Total expenses	39,644	227,707	76,984	344,335	242,351	
Excess of revenue over expenses before loss on curtailment/settlement of pension plan	2,099	915	66,808	69,822	127,839	
Loss on curtailment/settlement of pension plan (note 12)	-	-	-	-	13,200	
Excess of revenue over expenses	2,099	915	66,808	69,822	114,639	
Fund balances, beginning of year	4,295	893,364	64,372	962,031	847,392	
Fund balances, end of year	\$ 6,394	\$ 894,279	\$ 131,180	\$ 1,031,853	\$ 962,031	

See accompanying notes to financial statements

Agricorp

Statement of remeasurement gains and losses

Year ended March 31, 2023

(In thousands of dollars)	2023	2022
Accumulated remeasurement gains (losses), beginning of year	\$ -	\$ -
Unrealized losses on investments	(254)	-
Accumulated remeasurement losses, end of year	\$ (254)	\$ -

See accompanying notes to financial statements

Agricorp

Statement of cash flows

Year ended March 31, 2023

(In thousands of dollars)	Risk			2023	2022
	General Fund	Production Insurance Fund	Management Program Fund		
Operating activities					
Excess of revenue over expenses	\$ 2,099	\$ 915	\$ 66,808	\$ 69,822	\$ 114,639
Items not requiring an outlay of cash					
(Increase) decrease in accrued interest	(41)	(16,391)	(2,928)	(19,360)	6,649
Amortization of capital assets	(2,831)	-	-	(2,831)	2,724
Amortization of deferred contributions - capital assets	2,831	-	-	2,831	(2,724)
Defined benefit pension expense (note 12)	-	-	-	-	12,031
Changes in non-cash working capital					
Accounts receivable	1,160	(2,339)	(2,199)	(3,378)	(13,590)
Prepaid expenses	(41)	-	-	(41)	51
Accounts payable and accrued liabilities	(1,959)	(883)	2,072	(770)	4,131
Unearned premiums	-	13,050	-	13,050	7,963
Deferred contributions	42	-	-	42	(52)
Provision for claims	-	11,400	(53,781)	(42,381)	57,064
Contributions to employer defined benefit plans (note 12)	-	-	-	-	(803)
Cash provided by operating activities	1,260	5,752	9,972	16,984	188,083
Financing activities					
Increase in deferred contributions - capital assets	555	-	-	555	391
Cash provided by financing activities	555	-	-	555	391
Investing activities					
Purchases of investments	-	(289,969)	(153,100)	(443,069)	(595,000)
Proceeds of investments	-	268,299	33,244	301,543	602,283
Cash provided by (used for) investing activities	-	(21,670)	(119,856)	(141,526)	7,283
Capital activities					
Purchase of capital assets	(555)	-	-	(555)	(391)
Cash used in capital activities	(555)	-	-	(555)	(391)
Total increase (decrease) in cash	1,260	(15,918)	(109,884)	(124,542)	195,366
Cash, beginning of year	4,872	127,691	118,795	251,358	55,992
Cash, end of year	\$ 6,132	\$ 111,773	\$ 8,911	\$ 126,816	\$ 251,358

See accompanying notes to financial statements

Agricorp

Notes to the financial statements

Year ended March 31, 2023

1. Nature of operations

The AgriCorp Act, 1996 established Agricorp as a provincial Crown corporation without share capital on January 1, 1997. As an agency of the Ontario government, Agricorp's mandate is to deliver government business risk management programs to Ontario's agriculture industry on behalf of the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA). These programs are as follows:

Production Insurance Fund

Production Insurance was established in 1966 and currently operates pursuant to the *Agricultural Products Insurance Act (Ontario, 1996)*. For over 100 commercially grown crops in Ontario, Production Insurance provides insured producers with financial protection against yield reduction caused by insured perils.

Risk Management Program Fund

The Risk Management Program Fund was established in 2021 for Cattle, Grains and Oilseeds, Hogs, Sheep and Veal components. Ontario's Risk Management Program (RMP) helps producers manage risks beyond their control, like fluctuating costs and market prices using an insurance-like model.

Additional Programs

a) Business Risk Management Programs

These programs, as detailed under note 3, are administered by Agricorp on behalf of OMAFRA and the Government of Canada ("federal government"). The rules regarding payments to customers are determined by the programs and in formal agreements with Agricorp. The funds paid out under these programs flow from either the Government of Ontario ("provincial government") or federal government or both, through Agricorp to qualified applicants, and are held in segregated accounts in funds under administration.

b) Other

Agricorp is responsible for the delivery of Farm Business Registration, the Provincial Premises Registry and the Farm Property Class Tax Rate Program. These programs, as detailed under note 3 and note 4, are administered on behalf of OMAFRA in accordance with their respective program delivery agreements.

As an agency of the Ontario provincial government, Agricorp is exempt from income taxes.

2. Significant accounting policies

a) Basis of accounting

The financial statements of Agricorp have been prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS) for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada (CPA Canada). Agricorp has also elected to apply the section 4200 standards for Government Not-For-Profit Organizations.

Agricorp follows the accrual method of accounting for revenues and expenses. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services.

Agricorp uses fund accounting whereby the activities in each program are accounted for in separate funds. The General Fund is used to account for all administrative revenues and expenses, as well as for all unsegregated activities. The Production Insurance Fund is used to account for activities specific to the Production Insurance program. The Risk Management Program Fund is used to account for activities specific to the Cattle, Grains and Oilseeds, Hogs, Sheep and Veal components.

b) Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided for using the straight-line method over the estimated useful life of the assets, with a half-year amortization taken in the year of acquisition and disposition. The estimated useful lives of the assets are as follows:

Furniture and fixtures	4 years
Computer hardware	3 years
Computer software	2 years
Customized software	5 years
Leasehold improvements	5 years

c) Employee future benefits

Agricorp provides defined retirement benefits and other future benefits for substantially all retirees and employees. These future benefits include pension plan and accumulated sick leave.

i) Pension plan

Up to April 30, 2021, Agricorp sponsored a mandatory contributory defined benefit registered pension plan for all full-time and eligible part-time employees as well as a supplemental defined benefit pension plan for eligible employees (the "Plan"). Unless otherwise noted, information regarding the Plan is presented on an aggregate basis.

Agricorp contributed to the Plan based on employee contributions and a factor determined by the Plan's independent actuary. The cost of pension benefits for the Plan was determined by an independent actuary using the projected benefit method pro-rated on service and management's best estimates of expected investment performance, salary escalation and retirement ages of employees. The Plan's assets were valued using current fair values and any actuarial adjustments were amortized on a straight-line basis over the expected average remaining service life of the employee group.

Effective May 1, 2021, eligible employees are members of the Public Service Pension Plan ("PSPP"). The PSPP is a multi-employer defined benefit pension plan.

The Province of Ontario, who is the sole sponsor of the PSPP, determines Agricorp's annual payments to the plan and is responsible for ensuring that the pension fund is financially viable. Any surplus or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of Agricorp. Therefore, Agricorp's contributions are accounted for as if the PSPP was a defined contribution plan with contributions being expensed in the period they come due.

ii) Accumulated sick leave

Agricorp provides a non-vested sick leave benefit to all full-time and part-time employees. Employees are granted five days of sick leave per year. Unused sick leave days are eligible to accumulate up to 47 days, which can only be used to supplement the short term disability benefit. Employees are not paid for unused sick leave.

d) Revenue recognition

Within the General Fund, Agricorp accounts for government operating funding under the deferral method of accounting. Government funding used for the purchase of capital assets is deferred and amortized into revenue on the same basis and at rates corresponding to those of the related capital assets. All remaining government funding is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Consulting and other services revenue is recognized as services are performed, collection of the relevant receivable is reasonably assured and persuasive evidence of an arrangement exists.

Within the Production Insurance Fund, government funding and producer premiums are recognized as revenue in the year in which the related agricultural products are harvested. Premiums received for future years are classified as unearned premiums on the statement of financial position.

Within the Risk Management Program Fund, government funding and producer premiums are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as earned; amounts not yet received are included in the carrying value of investments.

e) Financial instruments

Agricorp's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities.

All financial instruments are recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record investments at fair value. Investments include cash equivalents, Guaranteed Investment Certificates (GICs), term deposits and bonds. Cash equivalents, GICs and term deposits are recorded at cost plus accrued interest, which approximates fair value.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and fund balances. Any unrealized gain or loss on investments is adjusted through the statement of remeasurement gains and losses. When an asset is sold, unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations and fund balances.

Agricorp is required to classify fair value measurements using a fair value hierarchy, which indicates three levels of information that may be used to measure fair value:

Level 1 – unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 – observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 – unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

f) Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amounts of accounts receivable, capital assets, accounts payable and accrued liabilities, unearned premiums and deferred contributions, and provision for claims. Actual results could differ from those estimates.

g) Provision for claims

The provision for claims liability represents management's estimate of the total cost of Production Insurance claims and RMP Fund benefit claims outstanding at year-end. Measurement of this provision is uncertain as

not all of the necessary information for reported claims is always available as of the year-end date and therefore estimates are made as to the value of these claims.

3. Funds under administration

Agricorp processes and disburses payments to producers enrolled in agricultural business risk management and other programs. These programs are generally administered on behalf of OMAFRA for producers in the province and cover joint federal-provincial, federal-only and provincial-only programs. Individual program delivery agreements are in place for each program.

Program payments are calculated according to program requirements and the program delivery agreements. Funding is provided by the federal and/or provincial governments and all funds are segregated in accounts under administration by program until payments are processed for the producers.

Funds for these programs are held in accounts with Canadian banks, bankers' acceptance or bank discount notes and all are highly liquid. As Agricorp only administers these programs, no recognition is made for program revenue, expense, receivables or payables. Costs associated with the delivery of these programs are included in Administration expenses (see note 16).

a) AgriStability

The AgriStability program was established to provide agricultural producers with financial protection against large declines in farm margin. To participate, producers must enroll in the program and pay administration and enrollment fees based on their reference margin for specified prior years. Producers are also required to submit an application that includes production data and farming income (or loss) reported for income tax purposes. The program has existed under several federal, provincial and territorial frameworks and is currently under the *Canadian Agricultural Partnership*, which came into effect April 2018.

AgriStability is cost shared by the federal and provincial governments at a basis of 60% and 40% respectively.

b) Risk Management Program (RMP)

RMP helps producers offset losses caused by low commodity prices and fluctuating production costs. RMP is fully funded by the provincial government and is an advance against Ontario's share of the AgriStability program thereby reducing the provincial share of AgriStability payments.

The Risk Management Program Fund (the "RMP Fund") for Cattle, Grains and Oilseeds, Hogs, Sheep and Veal components was established pursuant to a Minister's Order to continue the Risk Management Program starting with program year 2021 with both Ontario Premiums and Producer Premiums deposited into the RMP Fund. Funds related to pre-2021 program years for Livestock and Grains and Oilseeds continue to be presented as Funds Under Administration until fully disbursed in accordance with the program delivery guidelines for those years. There have been no changes to the Self-Directed Risk Management: Edible Horticulture.

RMP includes the following plans:

RMP: Grains and Oilseeds (RMP-GO)

The plan provides Ontario grain and oilseed producers with commodity-specific price support based on the cost of production. To participate, producers must pay premiums, provide a premises identification number and participate in Production Insurance, if available for their crop.

RMP for livestock (RMP-LS)

RMP for livestock includes individual plans for cattle, hogs, sheep and veal. The plans provide producers with commodity-specific price support based on the cost of production. To participate, producers must pay premiums and provide a premises identification number.

RMP - Self-Directed Risk Management: Edible Horticulture (RMP-SDRM)

Under the terms of the plan, producers of edible horticulture deposit a percentage of their allowable net sales into an account, and a contribution is made into the account by the provincial government. Funds can be withdrawn to cover risks to the farm business, such as a reduction in income or other farm-related expenses or losses. To participate, producers must make a deposit into their SDRM account and provide a premises identification number.

c) Winery Agri-Tourism COVID-19 Relief Initiative (Winery Agri-Tourism)

The Winery Agri-Tourism COVID-19 Relief Initiative provides financial support to eligible wineries and cideries whose on-site sales were impacted while provincial measures were in place to stop the spread of COVID-19. Agricorp administers this program on behalf of OMAFRA. This program is fully funded by the provincial government.

d) Other programs

Agricorp administers other programs on behalf of OMAFRA, the federal government and industry groups, some of which are in the process of being wound down. These programs are funded in accordance with their program delivery agreements. Other programs include:

Farm Business Registration (FBR)

In accordance with the *Farm Registration and Organizations Funding Act, 1993*, farm businesses in Ontario whose gross farm income is equal to or greater than \$7,000 are required to register their farm business. In return for the registration, the farm business pays a reduced property tax rate on agricultural land and is granted membership in an accredited farm organization of their choice. Agricorp collects these fees and remits them, less an administrative charge, to the chosen accredited farm organization.

Agricorp

Notes to the financial statements

Year ended March 31, 2023

The following summarizes the transactions related to the funds under administration:

(In thousands of dollars)	Opening balance 2023	Funding, federal government	Funding, provincial government	Other	Payments	Closing balance 2023
AgriStability	\$ 8,441	\$ 42,053	\$ 22,847	\$ 1,190	\$ (62,807)	\$ 11,724
RMP-GO	235	-	(184)	(43)	(6)	2
RMP-LS	1,890	-	(625)	(1,024)	(214)	27
RMP-SDRM	9,348	-	34,753	1,643	(38,347)	7,397
Winery Agri-Tourism	30	-	8,526	1	(8,547)	10
Other programs	673	14	21,484	120	(21,502)	789
Total	\$ 20,617	\$ 42,067	\$ 86,801	\$ 1,887	\$ (131,423)	\$ 19,949

(In thousands of dollars)	Opening balance 2022	Funding, federal government	Funding, provincial government	Other	Payments	Closing balance 2022
AgriStability	\$ 10,487	\$ 45,375	\$ 22,324	\$ (267)	\$ (69,478)	\$ 8,441
RMP-GO	223	-	19,400	20	(19,408)	235
RMP-LS	25,276	-	1	(623)	(22,764)	1,890
RMP-SDRM	9,386	-	28,481	(1,430)	(27,089)	9,348
Winery Agri-Tourism	-	-	9,083	-	(9,053)	30
Other programs	3,501	2,147	13,422	(130)	(18,267)	673
Total	\$ 48,873	\$ 47,522	\$ 92,711	\$ (2,430)	\$ (166,059)	\$ 20,617

The Other column in the tables above includes items such as producer fees and premiums, and changes in program receivables and payables.

4. Additional programs

Included in Administration expenses (see note 16) are costs associated with the delivery of several other programs in accordance with individual program delivery agreements. Additional programs include:

Provincial Premises Registry (PPR)

Established in 2008, the PPR registers unique parcels of land in Ontario associated with agri-food activities. The PPR collects information, such as agri-food business locations and activities and emergency contacts, and maintains a current database for access by the Ministry for emergency response and preparedness. As part of the National Agri-Food Traceability System, all provinces are responsible for having a premises registration system in place to enable the swift response to incidents and emergencies that could harm agri-food businesses and consumers. This program is administered on behalf of OMAFRA.

Farm Property Class Tax Rate Program (FPCTRP)

Under FPCTRP, eligible farm properties pay a reduced property tax rate for their acreage. Agricorp delivers the program, completes eligibility assessments for all valued and assessed farm properties, and reports the properties that meet all the requirements to the Municipal Property Assessment Corporation (MPAC) on behalf of OMAFRA. MPAC in turn forwards this information to the local municipalities. The municipality will then tax the properties that meet the requirements at the farm rate.

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Notes to the financial statements

Year ended March 31, 2023

5. Accounts receivable

Accounts receivable are comprised primarily of amounts due from the federal and provincial governments and from producers.

(In thousands of dollars)	2023	2022
Funding – federal government	\$ 7,816	\$ 7,675
Funding – provincial government	6,987	5,639
Other	10,366	8,457
Sub total	25,169	21,771
Less allowance for doubtful accounts	(20)	-
Total	\$ 25,149	\$ 21,771

6. Investments

a) Portfolio profile

(In thousands of dollars)	2023	2022
Short-term		
Financial institutions – cash and equivalents	\$ 158,082	\$ 102,082
Financial institutions – guaranteed investment certificates	539,496	196,585
Total short-term	697,578	298,667
Long-term		
Financial institutions – guaranteed investment certificates	203,750	492,039
Financial institutions – bonds	50,010	-
Total long-term	253,760	492,039
Total investments	\$ 951,338	\$ 790,706

All long-term investments mature within 1-3 years.

b) Fair value hierarchy

(In thousands of dollars)	Level	2023	2022
Cash and equivalents	1	\$ 158,082	\$ 102,082
Guaranteed investment certificates	2	743,246	688,624
Bonds	1	50,010	-
Total investments		\$ 951,338	\$ 790,706

There were no transfers of investments between Level 1 and Level 2.

7. Capital assets

(In thousands of dollars)	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Furniture and fixtures	\$ 871	\$ 871	\$ -	\$ -
Computer hardware	4,516	3,852	664	466
Leasehold improvements	946	940	6	7
Computer software	13,081	13,080	1	35
Customized software	12,196	6,098	6,098	8,537
Total	\$ 31,610	\$ 24,841	\$ 6,769	\$ 9,045

8. Financial instruments risk management

a) Market risk

Market risk is the risk that changes in market prices will affect the fair value of reported assets and liabilities. Market factors include three types of risk: interest rate risk, currency risk and equity risk. Agricorp is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments.

Agricorp operates within investment guidelines constraints set out by legislation that restricts Agricorp's investments to highly liquid, high-grade investments, such as federal and provincial bonds, deposit notes issued by domestic financial institutions and other securities approved by the Minister of Finance.

b) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on Agricorp's financial position, operations and cash flow.

The average return on investments is 2.87% (2022 – 1.76%). Fluctuations in interest rates could have a significant impact on the fair value of the fixed income securities profile. Although investments are generally held to maturity, realized gains or losses could result if actual Production Insurance claim levels differ significantly from expected claims, and liquidation of long-term investments is required to meet obligations. There have been no significant changes from the previous year in the exposure to risk or to the policies, procedures and methods used to measure the risk.

c) Credit risk

General

Credit risk is the risk that other parties fail to perform as contracted. Agricorp's exposure to credit risk is principally through balances receivable from the federal and provincial governments and producers as well as through its investment securities.

Reinsurance

Agricorp is exposed to credit risk on the reinsurance contracts that are placed with reinsurers. In order to minimize this risk, Agricorp places reinsurance with a number of different reinsurers and evaluates the financial condition of each of these reinsurers in order to minimize exposure to a significant loss from any one reinsurer in the event of insolvency.

Collectability

Credit risk on balances receivable arises from the possibility that the entities that owe funds to Agricorp may not fulfill their obligation. Collectability is reviewed regularly and an allowance for doubtful accounts is established to recognize the impairment risks identified.

Investments

Credit risk on investment securities arises from Agricorp's positions in term deposits, corporate debt securities and government bonds. Legislation restricts the types of investments Agricorp may hold to high-grade Canadian debt instruments and investments approved by the Minister of Finance, which significantly reduces credit risk.

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Notes to the financial statements

Year ended March 31, 2023

9. Funding – provincial and federal

a) General Fund

Agricorp provides administration services on a cost recovery basis to process and disburse payments to producers enrolled in agricultural business risk management and other programs. The provincial and federal governments have agreed to share the costs of administering Production Insurance, and AgriStability at the ratio of 60% and 40% respectively. The costs to administer RMP-GO, RMP-LS, RMP-SDRM, VQA-WSP, Winery Agri-Tourism, PPR and FPCTRP are funded by the provincial government.

b) Production Insurance Fund

Premiums from producers represent 40% of the total funding of the Production Insurance program. The federal and provincial governments fund the remaining premiums at a basis of 60% and 40% respectively.

c) Risk Management Program Fund

The provincial government funds the Risk Management Program in addition to premiums received by producers.

10. Deferred contributions

Included in the General fund are deferred contributions related to funding received for operating expenses of a future period as well as for funding received for the purchase of capital assets. All contributions recognized in the year are included in Funding – provincial and federal in the Statement of operations and fund balances. The nature and amount of changes in these balances are as follows.

(In thousands of dollars)	Opening Balance 2023	Contributions	Recognized	Closing Balance 2023
Short-term				
Deferred contributions - operating expenses	\$ 1,113	\$ 2,011	\$ 1,969	\$ 1,155
Long-term				
Deferred contributions - capital assets	9,045	555	2,831	6,769
Total deferred contributions	\$ 10,158	\$ 2,566	\$ 4,800	\$ 7,924

(In thousands of dollars)	Opening Balance 2022	Contributions	Recognized	Closing Balance 2022
Short-term				
Deferred contributions - operating expenses	\$ 1,165	\$ 1,924	\$ (1,976)	\$ 1,113
Long-term				
Deferred contributions - capital assets	11,378	391	(2,724)	9,045
Total deferred contributions	\$ 12,543	\$ 2,315	\$ (4,700)	\$ 10,158

11. Reinsurance agreement

Agricorp uses reinsurance in the normal course of Production Insurance operations to manage its risk exposure. Coverage involving a number of reinsurance companies was purchased for the 2022 production year. Under the terms of the 2022 production year agreement, the reinsuring companies would assume losses between 14% and 27% on \$5.5 billion insured liability (2021 production year - 16% - 27% on \$4.6 billion). As actual claims were less than the minimum threshold of \$776 million (2021 production year - \$739 million), there was no reinsurance recovery for the 2022 production year (2021 - no recovery).

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Notes to the financial statements

Year ended March 31, 2023

12. Pension

Effective May 1, 2021, Agricorp's contributory defined benefit registered pension plan for all full-time and eligible part-time employees as well as a supplemental defined benefit pension plan for eligible employees (the "Plan") was merged with the Public Service Pension Plan ("PSPP"), (collectively, the "Merger").

As a result of the Merger, the Plan ceased member contributions and froze credited service as of April 30, 2021. The impact of this curtailment is the immediate recognition of previously unrecognized actuarial amounts. No additional contributions were required to affect the Merger. Agricorp received consent from the Financial Services Regulatory Authority of Ontario to transfer all defined benefits assets and liabilities to the PSPP on February 17, 2022.

The PSPP is a contributory defined benefit plan. The PSPP is funded by contributions from participating employers and members, and by the investment earnings from the Public Service Pension Fund. Contributions from members and employers are remitted to the Ontario Pension Board (OPB).

Administration expenses on the statement of operations and fund balances include pension expense except for the loss on curtailment/settlement of pension plan which is shown separately on the Statement of operations and fund balances. Agricorp recorded \$nil million (2022 - \$12 million) expense for the year related to the Plan and \$1.8 million (2022 - \$1.8 million) related to the PSPP; total pension costs for the year were \$1.8 million (2022 - \$13.8 million)

a) Agricorp pension plans (the Plan)

The changes for the defined benefit plans of Agricorp during the year are as follows:

(In thousands of dollars)	2023	2022
Accrued benefit obligation		
Balance, beginning of year	\$ -	\$ 72,026
Current service cost	-	344
Interest cost	-	3,669
Employee contributions	-	289
Benefits paid	-	(1,726)
Actuarial loss	-	6,856
Settlement transfer to PSPP	-	(81,458)
Balance, end of year	-	-
Plan assets		
Fair value, beginning of year	-	90,053
Actual return on plan assets	-	419
Employer contributions	-	803
Employee contributions	-	289
Benefits paid	-	(1,726)
Settlement transfer to PSPP	-	(89,838)
Fair value, end of year	-	-
Funded status		
Plan surplus	-	-
Unamortized actuarial gain	-	-
Accrued pension asset	\$ -	\$ -

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Notes to the financial statements

Year ended March 31, 2023

Agricorp recorded the following expense for the year related to the Plan:

(In thousands of dollars)	2023	2022
Current service cost	\$ -	\$ 344
Interest cost	-	3,669
Expected return on plan assets	-	(4,602)
Amortization of unrecognized actuarial gain	-	(580)
Loss on curtailment/settlement of pension plan	-	13,200
Net benefit plan expense	\$ -	\$ 12,031

The significant actuarial assumptions adopted in measuring the pension expense of Agricorp are:

	2023 (%)	2022 (%)
Discount rate to determine accrued benefit obligation	-	5.60
Discount rate to determine benefit cost	-	5.60
Expected long-term rate of return on plan assets	-	5.60
Rate of compensation increase	-	2.00

b) PSPP

Contributions to the PSPP made during the year by Agricorp amounted to \$1.8 million (2022 - \$1.8 million). Administration expenses on the statement of operations and fund balances include pension expense.

13. Commitments and contingencies

a) Commitments

Agricorp is committed to several leases for office space, weather data and sites, print services, mainframe support and operating leases for vehicles. The minimum aggregate costs for the remaining terms of these leases are:

(In thousands of dollars)	Head office location	Others	Total
2024	\$ 1,065	\$ 7	\$ 1,072
2025	1,071	-	1,071
2026	1,078	-	1,078
Total	\$ 3,214	\$ 7	\$ 3,221

Agricorp signed an agreement in December 2022 committing to purchase reinsurance through a number of carriers for the 2023 production year. The estimated cost for this agreement is \$32.6 million (2022 - \$24.2 million).

b) Contingencies

During the normal course of business, certain claims or program payments may be denied by Agricorp. As a result, various claims or proceedings have been, or may be, initiated against Agricorp. The disposition of the matters that are pending or asserted is not expected by management to have a material effect on the financial position of Agricorp or on its results of operations.

Agricorp

Notes to the financial statements

Year ended March 31, 2023

14. Related party transactions

Agricorp has entered into several agreements to acquire services from OMAFRA. The cost for administrative, legal and internal auditing services amounted to \$14,000 (2022 - \$21,000). In addition, Agricorp rents its head office location from the Ministry of Infrastructure Ontario for a total cost for the year of \$1.0 million (2022 - \$1.1 million).

Agricorp earned revenue of \$49 million (2022 - \$41 million) from OMAFRA as their share of the Production Insurance premium, \$21 million (2022 - \$ 21 million) for operating funding from OMAFRA and \$111 million (2022- \$110 million) from OMAFRA as Ontario Premiums for the Risk Management Program Fund premiums.

15. Board remuneration and salary disclosure

Total remuneration to members of the Board of Directors was \$9,668 (2022 - \$17,971). *The Public Sector Salary Disclosure Act, 1996* requires Agricorp to disclose employees paid an annual salary in excess of \$100,000. Complete disclosure for Agricorp is included in the "Public Sector Salary Disclosure 2022: Crown Agencies" listing on the Government of Ontario website: <https://www.ontario.ca/public-sector-salary-disclosure/2022/all-sectors-and-seconded-employees/>.

16. Administration

(In thousands of dollars)	2023	2022
Salaries and benefits	\$ 30,039	\$ 29,576
Equipment and maintenance	3,150	3,770
Facilities	1,063	1,264
Amortization	2,831	2,724
Consulting and professional	1,193	1,474
Telephone and postage	659	728
Office	385	307
Vehicle and travel	175	177
Other	149	120
Total	\$ 39,644	\$ 40,140

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Accessible formats available

Version française disponible

Agricorp Annual Report 2022–23 – ISSN 1715-7587 (Agricorp. Online)

Agricorp Rapport annuel 2022–23 – ISSN 1715-7595 (Agricorp. En ligne)

